

1 HEARING BEFORE THE ATTORNEY GENERAL

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3 Held on: Monday, November 18, 2002
4 6:00 p.m. - 9:30 p.m.

5 IN RE:

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7 PROPOSED SALE OF THE ASSETS OF
8 HEALTH MIDWEST, a Missouri Public
9 Benefit Non-Profit Corporation.

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12 Held at the Linwood Multipurpose Center,
13 3200 Flora, Kansas City, Missouri.

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15 Chair Members:

16 Attorney General Jay Nixon

17 Mr. Paul Wilson, Deputy Chief of Staff

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1 ATTORNEY GENERAL NIXON: Have everyone
2 sit down and let's get started. Good evening. I
3 want to thank everyone for coming this evening. And
4 please respect the fire marshals. They are trying
5 to make sure that we have adequate room, which it
6 looks like we will.

7 I want to thank you folks at the Linwood
8 Multipurpose Facility here that have been wonderful
9 to deal with. Isn't this place actually beautiful?
10 The refurbishment is absolutely beautiful.

11 I want to thank you all for coming this
12 evening. With me tonight to my immediate left is
13 Paul Wilson, who is my Deputy Chief of Staff, who
14 has been monitoring -- assigned to monitor this
15 transaction.

16 I also have with me, and if you will raise
17 your hand so I can see you, Linda Manuel is here in
18 the audience back here. Linda is on the point with
19 me in Kansas City with our Kansas City office.

20 If anyone would like to speak tonight that
21 hasn't yet signed up in advance, please give your
22 name to Linda, who is over here (indicating), or to
23 Hank Panethere. Hank, if you raise your hand. Hank
24 is over here (indicating), and they will get you on
25 our list.

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1 Also with me is Tracy McGinnis who heads
2 up our charitable trust section in Jefferson City.

3 Chuck Hatfield will be counsel to the attorney
4 general.

5 When I called this hearing tonight I
6 intended to accomplish two very important
7 objectives. First, I wanted Health Midwest to
8 explain in detail their proposed transaction with
9 HCA and their proposal for how the proceeds of this
10 sale should be used to meet the needs of the people
11 of this region.

12 Second, I wanted to get as many
13 individuals and organizations as possible a chance
14 to voice their questions and concerns about this
15 proposed sale. Unfortunately I do not see any way
16 to accomplish the first objective this evening.

17 I do not have in my possession, nor have
18 we received a final sales agreement between Health
19 Midwest and HCA. I cannot conduct a meaningful
20 review, and really no member of the public can offer
21 any fully informed comments based on a general
22 description of what might be in the agreement when
23 it's finally presented.

24 More importantly, I've not seen any
25 proposal regarding Health Midwest's plan for the use

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1 of the proceeds of this sale if approved. I do not
2 consider a Friday afternoon press release sufficient
3 for this level of transaction. Until we have a

4 detailed proposal from Health Midwest, we literally
5 have nothing to respond to.

6 Accordingly, this afternoon I contacted
7 Health Midwest and informed them that their
8 participation tonight would not be necessary. I
9 scheduled a second hearing -- I have scheduled a
10 second hearing for next Tuesday, November 26th at
11 4:00 p.m. in Independence.

12 I hope to have the details of this
13 proposal well in advance of that time, and I will by
14 tomorrow, and look forward to their detailed
15 presentation next Tuesday. If not then, we will
16 keep meeting every Tuesday until they do, but there
17 is still much that we can accomplish tonight.

18 With us tonight is Mr. Jack Bovender who
19 is president and chief executive officer of Missouri
20 HCA. His company is prepared to make a significant
21 investment in this region. And I look forward to
22 his comments this evening.

23 In particular, I hope that Mr. Bovender
24 can offer us some insight into his company and about
25 the experience other communities have had when HCA

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1 has acquired hospitals in the past. Specifically I
2 would like to know what plans HCA has for Kansas
3 City and how he sees HCA filling a void that will be
4 created by Health Midwest's sudden and complete
5 departure from the health care delivery system here

6 in Kansas City.

7 And as interested as I am in Mr.

8 Bovender's comments, I am even more interested in
9 your comments and concerns. Even with that many
10 details, and we will have to wait on Health Midwest
11 for those, it is obvious that the proposed sale by
12 Health Midwest to HCA could fundamentally change the
13 health care delivery system in this region.

14 It is essential to my review as attorney
15 general, therefore, to hear from the people who will
16 be most directly affected by this transaction. I
17 want to hear your concerns, your suggestions and the
18 questions that you want Health Midwest to answer
19 before any sale takes place.

20 Now, more than 90 individuals representing
21 many different organizations around Kansas City have
22 contacted our office asking for time to be heard
23 this evening. To ensure that I can hear from as
24 many of them as possible, it is essential that once
25 we've completed Mr. Bovender's opening comments,

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1 which he certainly has the right to do, and anyone
2 else that has got a billion dollars with them also
3 can give opening comments, it is essential, if we
4 can, so that all might be heard or as many as
5 possible can be heard this evening that we try to
6 limit our remarks to five minutes or less so that we

7 can continue to keep the pace of the evening moving
8 on.

9 Also, to avoid repetition, if earlier
10 speakers of your group or organization have already
11 made points you wanted to make, please consider
12 limiting your remarks so that there is time for more
13 points to be heard. In addition, I urge you to
14 submit written comments to our office, which we will
15 add to the final record of these proceedings.

16 Also, some have -- I intend to conclude
17 this hearing or attempt to conclude this hearing at
18 9:30 this evening. I'm going to try to get you
19 folks home by 10:00 if we can this evening. Before
20 we begin, I would like to make a few comments. This
21 will just be very, very briefly.

22 As I stated on many occasions before, I'm
23 deeply concerned about this transaction as a whole,
24 as well as many of the few details that have been
25 made public so far. If the mission of Health

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1 Midwest has been to operate a nonprofit hospital
2 system, the proposed deal with HCA is a wholesale
3 abandonment of that mission.

4 How did the board of Health Midwest reach
5 such a critical decision? Were the interested
6 people involved in forming that decision acting
7 solely in the best interests of Health Midwest and
8 the community it serves? I will be looking for

9 answer to those questions during our review and will
10 not approve the sale until they are answered.

11 Assuming that a sale to HCA is to
12 proceed, what terms is Health Midwest going to
13 negotiate for that sale? Do they adequately
14 safeguard the continuing quality of health care
15 services in the community that Health Midwest
16 serves?

17 More important, do the terms negotiated by
18 Health Midwest adequately safeguard continued access
19 to those health care services? What assurance does
20 Health Midwest offer the community to turn over
21 operation of these hospitals to a for-profit company
22 will not reek havoc on the availability of essential
23 health care services to those in our community most
24 depending on them?

25 What assurance do we have that this sale

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1 will not result in an increased burden for Kansas
2 City safety net hospitals, such as Trinity, which
3 are already stretched to the breaking point? These
4 questions too must be answered before any sale can
5 go forward.

6 Finally, if this sale proceeds, what
7 exactly does Health Midwest intend to do with the
8 proceeds of the sale? I've heard speculation that
9 this sale as approved will result in a net proceeds

10 of six to \$700 million. Those dollars represent
11 this public, this public's equity in these
12 hospitals. And as I have said before and will say
13 again, these assets do not belong to the board or
14 the executives of Health Midwest.

15 What role has the public had in designing
16 the best way to use those dollars and the once in a
17 life opportunity that they represent? What role has
18 the public had in defining a mission to which those
19 funds must be applied? What safeguards has Health
20 Midwest designed to ensure that the public is
21 informed about and directly involved in the
22 administration of those funds?

23 What assurances do we have that those who
24 will be responsible for administering these funds
25 will be and will remain directly accountable to the

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1 people who are supposed to benefit from those
2 funds? In many ways these are the most important
3 questions of all and must be answered before this
4 sale can proceed.

5 So before we begin I -- so before I begin
6 to call the members of the public who have asked to
7 be heard, I would like to ask Mr. Jack Bovender from
8 HCA to make his short presentation. He is someone
9 who we have gotten to know somewhat during this
10 process.

11 And I would certainly -- I will not hold

12 you to the same five minute limit that I hold
13 others, Mr. Bovender, but I would appreciate your
14 thoughtfulness and brevity in your comments. Thank
15 you.

16 MR. BOVENDER: First of all -- is this
17 on? Hello. First of all, I appreciate all of you
18 being here tonight. It is a testimonial to what we
19 knew to begin with, that the hospitals of Health
20 Midwest are an absolutely precious community asset
21 to the people of Kansas City and the other
22 communities that Health Midwest serves.

23 We understand that, and if I were in your
24 position, I would be skeptical too. Many of you
25 probably in this room have ongoing health care needs

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1 that in times past and maybe today Health Midwest
2 hospitals have provided care for. There maybe
3 diabetics in here, heart patients, patients with
4 chronic high blood pressure, other issues that need
5 to be addressed. And if I were one of you, I would
6 be very, very concerned about what is going to
7 happen to these hospitals in the future.

8 These hospitals need significant capital
9 investment if they are to provide the care that is
10 needed over the next five years, ten years, 20
11 years. They need developed plans to recruit
12 additional physicians, and in particular recruit

13 other health care professionals, particularly
14 registered nurses, to bring those into the system to
15 care for the patients. And I will talk about that
16 in just a few minutes.

17 So you are right to be skeptical, and I
18 know in the next ten or 15 minutes I'm not going to
19 be able to do away with that skepticism. I will
20 have some people who will follow me. Two have
21 direct experience with our company and other
22 communities, and I will introduce them later.

23 One, a long-time member of our board of
24 directors of HCA; a second one, a chairman of a
25 board of a hospital system we acquired in San

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1 Antonio; and finally, a chairman of the board of a
2 hospital that we are building in Nashville now who
3 is also a provider of contract services for HCA to
4 talk about what kind of people we are.

5 I understand that the Kansas City Star is
6 sending out reporters to visit our hospitals and our
7 communities in Nashville, in San Antonio and Denver
8 to find out what kind of people we are. And we
9 welcome that. We don't want to force ourselves on
10 you. If this community of Kansas City, the State of
11 Missouri or the State of Kansas doesn't want us,
12 then obviously we don't want to be here.

13 But we hope to prove to you that we will
14 be not only good stewards of your hospitals, but

15 that five years, ten years from now you will be able
16 to look us in the eye and say, You know, things are
17 better here now because of you than they were
18 before. And that's what we intend to do in this
19 community.

20 Next slide please. Let me start first
21 with the mission and value statement of this
22 company. I know a lot of you think this is stuff
23 that we just put on the walls and bring out when
24 visitors come around, but this is the credo by which
25 we live in our company.

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1 "Above all else we are committed to the
2 care and improvement of human life. In recognition
3 of this commitment, we strive to deliver high
4 quality, cost effective health care in the
5 communities we serve." The value statements that go
6 with this.

7 "In pursuit of our mission, we believe the
8 following value statements are essential and
9 timeless. We recognize and affirm the unique and
10 intrinsic worth of each individual. We treat all
11 those we serve with compassion and kindness.

12 "We act with absolute honesty, integrity
13 and fairness in the way we conduct our business and
14 the way we live our lives. We trust our colleagues
15 as valuable members of our health care team and

16 pledge to treat one another with loyalty, respect
17 and dignity."

18 Who are we? As a company, we are 181
19 hospitals, 80 ambulatory surgery centers, 173,600
20 employees across the country. The great majority of
21 those providers is clinical care in our hospitals.

22 We are in major cities in this country.
23 We are providers of tertiary care and sophisticated
24 high technology hospitals which need the investment
25 that we may give today and are committed to make

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1 here in Kansas City.

2 Although we are a big company and
3 nationwide, we believe health care is a local
4 product provided locally and must be adapted to
5 local needs. We have a "Patient First" philosophy.
6 We make significant capital investments in our
7 existing facilities to improve access and care.

8 The company resources are shared to
9 support local initiatives. Decision making is at
10 the local level, not from Nashville, Tennessee. And
11 we're active and committed involvement in local
12 communities, which stress volunteerism and community
13 involvement not only from the people who work in our
14 hospitals, but also from our division staffs in our
15 communities.

16 What is the issue that drives the concern
17 here in Kansas City and indeed the concern across

18 the country? We are facing a crisis in health care
19 in this country in proportions that have not been
20 seen in our past. And it is driven by the baby boom
21 generation, that group of people who are aging now.
22 The leading edge of it is aging into its late 50's.

23 I don't know what you think about this
24 personally, but it is a very real fact. And you can
25 see on this chart utilization of hospital days by

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1 decades of life. And as you can see, from 50 on the
2 curve goes up like the curve on a hockey stick.

3 If you define the baby boom generation as
4 most of us do from January 1st, 1946 to December
5 31st, 1963, this is a huge group in the population
6 that has driven the economy and demand in lots of
7 services through their decades of life.

8 Just out of curiosity, using that
9 definition January 1st, 1946 to December 31st, 1963,
10 how many people in here are baby boomers? Okay.
11 This I think proves my point. That we have got a
12 huge crisis in health care not only in the United
13 States, but obviously here in Kansas City, and it
14 drives what we need to do in investment in equipment
15 and technologies as well as investment in people for
16 the next five years, ten years and 15 years.

17 Having said that, we are the industry's
18 leader in capital investment in hospitals. We're

19 outpacing any other investors on a per-licensed bed
20 basis, as you can see, significantly and certainly
21 the not-for-profit hospitals in this country across
22 the country.

23 Also, we have made significant investment
24 in our employees. As you can see here, we use
25 Gallop surveys across our system to survey both our

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1 employees, our physicians and our patients as to how
2 we're doing in each of our hospitals and across our
3 system. You can see our satisfaction scores are up
4 significantly. Our employee turnover is down. And
5 importantly, a very important point here, our
6 nursing turnover is on its way down.

7 Our commitment to diversity. This is a
8 very important initiative inside our company, both
9 at the local level and at the company level.

10 Sorry. Has this mike gone off? Believe
11 it or not, I'm enough of a loud mouth I think I can
12 make you all hear me here.

13 We have a commitment to represent the
14 minority presence in our communities through our
15 recruitment process at all levels including
16 leadership levels. Purchasing practices, we have a
17 purchasing organization called Health Trust
18 Purchasing Group and individuals within that group
19 who do nothing but seek out minority contractors
20 across the country. And we will do that certainly

21 here in Kansas City.

22 And board members, our boards of each of
23 our hospitals across the country, and I will commit
24 to you here in Kansas City will represent the
25 constituency that they serve.

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1 On the national basis we've instituted
2 what we call the HCA Chief Operating Officer
3 Training Program, which we go out to the best CPA
4 and hospital administration schools in the country
5 in recruiting into that frame the future chief
6 operating officers or chief executive officers of
7 our hospitals. Of the classes that we've recruited
8 into this program, about 40 percent now are
9 minorities.

10 And I personally serve on the board of
11 directors of the Institute for Diversity in Health
12 Care Management, an organization that's cosponsored
13 by the American Hospital Association and the
14 American College of Health Care Executives. All 181
15 of our hospitals are members of that organization
16 and use their facilities to recruit into their
17 hospitals. And obviously we would intend for the
18 hospitals and Health Midwest to become a part of
19 that.

20 We have for you, General Nixon, a tape
21 that we did for the National Black MBA Association,

22 a recruitment tape that we will provide to you. We
23 have provided it to members of the community in the
24 past year, and we will certainly provide it to you
25 tonight.

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1 I would like to stop and recognize for a
2 moment, and we want to talk about patient safety and
3 our patient safety initiatives, and I have with me
4 tonight Jane Englebright. Jane. Jane is a
5 registered nurse, BSN, also has a PhD in nursing,
6 and she is vice president for quality at HCA. And
7 she is heading our initiatives and medication
8 administration, safety and other activities of
9 patient safety.

10 Many of you may know that there was a
11 study done about three years ago by the National
12 Institute of Medicine that speculated, and there has
13 been an argument about this data, but no matter what
14 it is, it needs to be fixed, but that the eighth
15 leading cause of death in this country may in fact
16 be medication errors in hospitals. Even if it's the
17 15th or 20th or 30th, it needs to be fixed. And we
18 are working hard on that. Let Jane talk about that
19 and some of our initiatives in patient safety.

20 MS. ENGLEBRIGHT: Thank you. It's a
21 pleasure to talk to you about something that is near
22 and dear to my heart. Something that I believe in
23 and that this company has just been wonderfully

24 supportive working on this.

25 We've attacked this problem from two

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1 perspectives. First of all as a group of clinicians
2 and providers of care and also as employers. We've
3 joined the Leapfrog Group, which is an employer
4 group made up of some of the largest employers in
5 the United States. So we're trying to look at these
6 issues from both the provider point of view and the
7 receiver point of view as we work on them.

8 We began with medications, as Jack said,
9 because that is something that touches each and
10 every one of our patients. It involves every one of
11 our hospitals and was an opportunity for Jack to
12 provide leadership to the hospitals on our putting
13 patients first philosophy. In fact, that's what we
14 have named these initiatives, and they are our way
15 of walking the talk and making our mission and
16 values come alive in each one of our hospitals.

17 We started with medication safety. The
18 wonderful thing is there was a tremendous amount of
19 research for us to build our program on. And we
20 began just by making sure that every one of our
21 hospitals was abiding by the recommendations coming
22 out of that research for the last 20 years.

23 We also identified through a group of 126
24 clinicians that we brought to Nashville for two days

25 where we picked someone, everybody we thought

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1 touched medications, from the unit clerk and the
2 night-shift supervisor to the pharmacist and the
3 pharmacy tech to the physician to the risk manager
4 who looked at medication errors, and we asked them
5 to pick which one of these recommendations we needed
6 to follow.

7 And they identified two big gaps in that,
8 and that was some technology they felt was needed to
9 reduce the most significant and life-threatening of
10 the medication errors. We have over the last two
11 years developed that technology and are now
12 implementing it throughout our hospitals.

13 The first of that is for the nurse to use
14 at the bedside. That is an electronic medication
15 administration record that uses bar coding
16 technology to positively identify each patient and
17 each pill or syringe or dose of medication that is
18 being administered to the patient and tie that back
19 to the physician order.

20 So for the first time we're getting actual
21 verification of the five rights of medication
22 administration that we were taught in nursing school
23 we need to be checking. This has been implemented
24 now in six of our hospitals, with three more coming
25 up before the end of the year, and we have an

1 aggressive plan to put it out.

2 Part of what we do with this technology is
3 survey all of the nursing staff, the respiratory
4 therapy staff and the pharmacy staff that used this
5 system three months after it's implemented. It is
6 the first technology we've ever worked with that has
7 gotten 100 percent raving reviews from the
8 clinicians involved in it. They are very positive
9 about it. And our biggest issue right now is trying
10 to keep up with the demand.

11 Our second technology is an electronic
12 system for physicians to use as they write orders so
13 that they will receive real-time feedback on their
14 orders. If they ordered something to which the
15 patient was allergic, if they ordered something in
16 the wrong dose, if they duplicate an order from a
17 previous physician making rounds or order something
18 that conflicted with something another patient --
19 another physician had ordered.

20 We also see this as a real help to getting
21 care to the patient in a more timely manner. We
22 limited all the time the chart is sitting on the
23 desk waiting for someone to get to it and sends the
24 communication directly to all the departments who
25 need to hear about what labs need to be drawn and

1 what x-rays need to be done. That technology is
2 going to be used for the first time next month in
3 one of our hospitals in Richmond.

4 Our focus right now, new focus, is working
5 on emergency care. As you know, emergency rooms are
6 overcrowded these days. And we've spent a
7 tremendous amount of time renovating and enlarging
8 our emergency rooms, and we can't simply keep up
9 with it.

10 So we finally did a review of medication
11 safety, and that is, brought in a group of
12 clinicians, primarily emergency room physicians and
13 nurses, and asked them what do we need to do. And
14 they gave us a design for what they think the ideal
15 patient flow in an emergency room ought to be.

16 We're now taking that design and asking
17 the architects and engineers to show us how to build
18 something to support that and what technology we
19 would need to equip it with so that as we do our
20 future E.R. expansions and renovations we will build
21 them in that way.

22 Our emphasis on infectious disease
23 actually happened by accident. You may or may not
24 be aware that the very first anthrax cases that came
25 in this country a year or so ago happened in an HCA

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1 facility. A very alert emergency room physician
2 picked up on that.

3 One of the things that we were able to do
4 with our information systems was look to see if we
5 have any other patients at any of our other four
6 hospitals who lived and worked in the same zip
7 code. We were in fact able to identify the second
8 patient and give a more rapid diagnosis and
9 treatment that enabled that man to survive.

10 It started us thinking about what a
11 powerful thing we have here with our integrated
12 information systems. And right now my boss, who is
13 Frank Houser, a physician and public health --
14 former public health clinician, receives a report
15 every day of the white blood cell counts of all the
16 patients seen in all of our emergency rooms the
17 previous day. So he is able to pick up any spikes
18 or unusual infectious disease happenings.

19 In fact, there are two parts of the
20 country that have already started their flu epidemic
21 a little early this year. I'm hoping this will give
22 us the ability to see any unnatural or unexpected
23 changes in infection patterns.

24 Part of what we do to work in this
25 clinical mission is work a lot with physicians. We

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1 have some standing physician advisory panels in
2 areas such as perinatal and cardiovascular. We have
3 some ad hoc groups that we pull together to work on

4 things like medication administration.

5 The physician ordering system I mentioned
6 awhile ago has been totally designed by a group of
7 physicians. Over 300 physicians have given feedback
8 to that process, and 20 of them have been intimately
9 involved over two years with multiple trips to the
10 vendor, computer programmers coming up and making
11 rounds with them, and are very proud of the product
12 that they are delivering.

13 But I think the main cause of this great
14 increase we've experienced in physician satisfaction
15 has been our recognition of what Jack said awhile
16 ago, that they are the ones who determine the proper
17 care of the patient. Nobody in Nashville does
18 that. That's done by the individual physician and
19 the hospital at the bedside.

20 Similarly, our commitment to nurses is the
21 same way. They are also involved in these clinical
22 initiatives. One of the things we've worked hard on
23 in the last few years is recruitment and retention.

24 And Jack will talk to you a little bit
25 about some of the recruitment ideas that we've

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1 implemented that have come out of our nurses
2 retention design team where we have brought staff
3 nurses, nurse managers and chief nursing officers
4 again to Nashville for a couple days to design what
5 our recruitment and retention initiatives ought to

6 be. What do nurses really want and how could we
7 deliver that across our company?

8 From my work with the nurses is both to
9 serve as a networking, so that they can be a support
10 to each other and share best practices and not
11 reinvent the wheel with every nursing problem that
12 we have, but also to deliver technology.

13 One of our nurses in Utah challenged me
14 about three years ago that every advance in medical
15 care makes nursing care harder, more complex, more
16 difficult. It's about time technology started
17 making our work easier. And what I've focused my
18 time on in the last couple of years has been
19 developing those technologies to do that.

20 And we have a documentation system now
21 that we have demonstrated takes time out of
22 documentation and puts it back to the bedside of
23 interaction with the patient. It has safety
24 features built into it, such as the medication
25 administration system I just talked about.

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1 It also makes a lot of the communication
2 functions that the nurse does, taking away a lot of
3 phone calling and coordinating among different
4 disciplines that the nurse does and it automates
5 supply management. It takes supply replenishment
6 and distribution out of nursing responsibility and

7 automates that.

8 So this commitment and involvement in
9 physicians and nurses is what we believe is the key
10 to making our quality better. It's using the
11 expertise of the corporate office to help channel
12 that expertise of the clinicians into programs that
13 we can then share across all of our hospitals and
14 improve care.

15 MR. BOVENDER: Thank you, Jane. Jane is
16 a reminder to me of something that I need to tell
17 you. My mother was a nurse and my wife was a nurse,
18 and they have reminded me through the years that
19 everything useful I ever learned in hospital
20 administration came from nursing. And that's
21 probably true, and in Jane's case it has been
22 absolutely true.

23 Comprehensive Ethics and Compliance
24 Program. We've made significant investment to
25 ensure compliance with laws and regulations across

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1 the country, putting the patient first and doing the
2 right thing. The elements of our program you can
3 see here, and I won't go into those in detail, but
4 be glad and happy to discuss any of these with you,
5 General Nixon, at any point in time.

6 HCA is also committed to community
7 involvement. HCA carries a program that started
8 after September the 11th; offers local scholarships

9 through a joint venture with the U.S. Department of
10 Labor. Let me take a minute and just explain this
11 to you.

12 Shortly after September 11th as we saw
13 significant layoffs in the airline industry and
14 hotel industries across the country, it occurred to
15 us that a lot of this was happening in cities where
16 we had a major presence. They were airline hub
17 cities. Cities like Denver, Houston, Dallas, Tampa,
18 St. Pete, southern Florida, Atlanta.

19 And we did some research and calculated
20 that for about \$5,000 we could educate a registered
21 nurse in an associate degree program just about
22 anyplace we were located in the country. So we
23 decided to commit \$5 million.

24 The idea was, let's start and try to get
25 scholarships out for about a thousand nurses or a

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1 thousand -- a combination of nurses, radiology
2 technologists and others and to locate these mainly
3 in those hub cities where there was significant
4 worker displacement with the idea that people who
5 had been laid off from other employment might find
6 in health care a job that they would never have to
7 worry about being laid off from for the rest of
8 their lives. If you saw that baby boom curve, you
9 will understand that.

10 Our people went to the Department of
11 Labor and actually got another \$5 million match.
12 And we are -- announced a program shortly after
13 Christmas and have been in the process of
14 implementing that program. We've had over 7,000
15 applications for these scholarships. We've expanded
16 the program to add another \$5 million in six more
17 cities and the Department of Labor has matched that.

18 We are very proud of this program, not
19 only because of what we believe it will do in
20 increasing the number of people in health care, but
21 also because it's life changing events for these
22 individuals that were involved in this program.

23 We have committed, as you will see later
24 on in this presentation, that we will bring a
25 million dollars worth of that money here to Kansas

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1 City with scholarships for both displaced workers
2 and others who might be interested in changing what
3 they are doing now and becoming nurses or radiology
4 technologists or others. We train about a thousand
5 physician residents in our hospitals.

6 Through processes just like this tonight
7 we've created foundations of about \$2 billion worth
8 of work across the country. And we've given more
9 than \$90 million. We sponsor countless charitable
10 and volunteer projects nationwide: Habitat for
11 Humanity, tutor volunteer programs, food banks and

12 so forth.

13 We sponsor -- will sponsor two national
14 disaster medical assistant teams. The kind of teams
15 that will be capable, using our employees and our
16 physicians with supplies that we provide, to respond
17 to national disasters, such as that that happened on
18 September the 11th. And also 16 percent of our
19 admissions across the country are Medicaid, other
20 government indigent programs or uninsured patients.

21 Key activities that we're committed to for
22 Health Midwest communities will establish a local
23 division office here and support staff that 13
24 hospitals of Health Midwest in itself are big enough
25 to man its own division. We will blend the best

29

1 cultures of two organizations.

2 We will develop a plan, and this is key,
3 for spending \$450 million in capital into these
4 hospitals over the next five years. Believe it or
5 not, it's hard to intelligently spend \$450 million
6 in five years in these hospitals. And we're going
7 to need input from a lot of people in this
8 community, in particular doctors and our nurses and
9 other health professionals as to where that money
10 and how that money will need to be spent.

11 We will do information systems conversion
12 plans to address the issues that Jane was talking

13 about earlier, medical staff and nursing staff
14 development plan across the system. We will meet
15 with key community leadership to develop plans for
16 each issue of local concern, and we will use our HCA
17 resources to assist with the local efforts.

18 Let me talk about the post closing
19 covenants. When I came here today, I thought Health
20 Midwest was going to do a presentation for me and
21 would talk about these post closing covenants. So
22 General Nixon, I've kind of subbed in for that
23 because I think it's important that we at least get
24 the major points before the community tonight.

25 First of all, for at least ten years HCA

30

1 will provide at least the same aggregate dollar
2 amount of charity, indigent and other uncompensated
3 care as Health Midwest provided during the past 12
4 months and will participate in Health Midwest's
5 current Medicare and Medicaid programs.

6 Let me tell you, regardless of what the
7 covenants say, ten years is not the issue. We will
8 provide all the aggregate -- the same -- or at least
9 the same aggregate dollar amount of charity,
10 indigent and other uncompensated care into the
11 future. We will take care, regardless of the
12 ability to pay, of the patients who come to our
13 doors. There is no time limit on that.

14 HCA is paying \$1.125 billion for Health

15 Midwest's assets, in addition to a commitment of
16 \$450 million in capital that will meet the needs for
17 upgraded facilities, equipment and state of the art
18 technology. The transaction maintains Health
19 Midwest as an integrated health care delivery
20 system.

21 Next, for at least three years HCA will
22 not close any of the Health Midwest central region
23 hospitals: Baptist, Baptist Lutheran Medical
24 Center, Research Medical Center or Research
25 Psychiatric Center. During that same period HCA

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1 will not close hospitals in any other region unless
2 it has constructed a new replacement hospital or
3 expanded capacity at an existing hospital.

4 One of the issues that I have heard
5 consistently as we've talked to community leaders,
6 and I appreciate them sharing their time with us
7 during our time here in Kansas City, is a real
8 concern about the hospitals that serve the urban
9 core of Kansas City, in particular Research and
10 Baptist, and we are committed to see those hospitals
11 do well.

12 In fact, I would estimate, not knowing, we
13 haven't gotten in there to do the analysis yet, that
14 the most significant portion of the capital
15 investment is going to have to be made in Research

16 over the next five years to catch up with the
17 technology, renovating facilities, and so forth.

18 Sam, our division president for the west,
19 has met with staff members from Baptist, both
20 medical staff and nursing and other health
21 professional staff there, and we're going to make a
22 commitment of capital into Baptist to see if we
23 can't make that hospital go and make it successful
24 in the next few years.

25 For at least three years HCA will not

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1 terminate or materially change any substantial
2 service offered at any Health Midwest hospital,
3 except in connection with the construction of new
4 facilities or expansion of current facilities.

5 For at least five years HCA will not close
6 any emergency room at any Health Midwest hospital,
7 except in connection with the construction of new
8 facilities or expansion of current facilities.

9 To tell you the truth, we view our
10 emergency rooms as the front door to our hospitals
11 in this day and age instead of the back door. And
12 we are making significant capital investments in our
13 emergency rooms across the country, and we will
14 certainly be doing that here.

15 For at least ten years HCA will maintain
16 the cultural and religious traditions of each
17 hospital along with each hospital's existing name.

18 After that time, traditions could be changed only by
19 the hospital's medical staff board and the community
20 it serves.

21 HCA will establish and maintain community
22 boards for each Health Midwest hospital with
23 representatives of the medical staff and business
24 and community leaders. Board composition will
25 represent the racial and ethnic diversity of the

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1 communities that we serve. We are absolutely
2 committed to that.

3 HCA will implement its diversity
4 initiatives for employment and purchasing activities
5 for the Health Midwest system.

6 HCA will offer employment to essentially
7 all current Health Midwest employees at wages and
8 benefits that are at least equal to and in some
9 instances better than employees' wages and benefits
10 before the transaction closing. HCA will credit all
11 existing employees with their seniority in the
12 Health Midwest system.

13 HCA will maintain the medical staff
14 membership and clinical privileges of all physicians
15 in good standing at Health Midwest hospitals. And
16 as I mentioned earlier, HCA will make available up
17 to \$1 million in nursing and other health-related
18 scholarships a part of "HCA Cares."

19 HCA will implement electronic medication
20 administration systems and electronic physician
21 order entry systems, including bar code confirmation
22 of medication administration at Health Midwest
23 hospitals.

24 Finally, why we believe this sale to HCA
25 is good for Kansas City? We believe it provides the

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1 resources that will ensure the long-term viability
2 of the Health Midwest entities in providing quality
3 care to the Kansas City area.

4 Again, I go back to the increasing demands
5 that are going to be made on these hospitals. If
6 these hospitals don't have the wherewithal to invest
7 the capital back into them, the best nurses, the
8 best technicians, the best doctors in the world are
9 not going to be able to take care of the patients
10 that come to its doors.

11 It ensures access and quality care for the
12 community far into the future. Provides an
13 unparalleled infusion of capital into the urban
14 core, in addition to other Health Midwest
15 facilities.

16 It makes available millions of dollars in
17 new contributions to the tax base. We will be a
18 taxpayer, property and sales tax in all the
19 communities that we serve to support area
20 municipalities, school districts and economic

21 development in the urban core. And it will result
22 in an estimated \$800 million foundation to the
23 benefit of the community.

24 With that I would like to take just a few
25 more minutes and ask three people who volunteered

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1 their time. They are not on our payroll, but they
2 are valuable friends and people who have experience
3 with HCA in different ways.

4 The first one is Frank Royal, Dr. Frank
5 Royal, who is a practicing physician in Richmond,
6 Virginia, for more time than he wishes to remember.
7 He has also been on the HCA board of directors for
8 20 years. He is the second longest serving director
9 at HCA. And when the spring comes, he will become
10 the longest serving director at HCA.

11 He is the past president and former board
12 chairman of the National Medical Association, which
13 many of you know is the African American Medical
14 Association in this country. He is chairman of the
15 board of trustees of Meharry Medical College,
16 Virginia Union University and Richmond Metropolitan
17 YMCA.

18 As I said, he is a member of the HCA board
19 of directors, and please be kind to him because he
20 is also the chairman of my compensation committee.
21 Jack.

22 MR. ROYER: Thank you, Jack. I would
23 first like to thank you for allowing us to come to
24 this place to become a part of your community.
25 You've heard what Jack said. I won't talk about

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1 that, but let me talk about places some of us
2 consider very special: Meharry Medical College.

3 This little school in Nashville,
4 Tennessee, has been responsible for training at
5 least 25 percent of the Afro-American physicians and
6 clinicians that practice in this country. Were it
7 not for the leadership that HCA provided to this
8 group for the last two plus years, I would say that
9 was the two initiatives.

10 But having said that, then how does that
11 play in. The thousand residents that you talk
12 about, let's take 100th of them, and it represents
13 the teaching opportunities, the learning
14 opportunities that these young health providers have
15 been given that opportunity in the flagship
16 hospitals of HCA in that vicinity.

17 When no other system, when no other system
18 would have offered ever in the history of this
19 school that opportunity. That is really proof to me
20 having chaired the school when threatened with
21 accreditation problems because we did not have
22 access. None of our physicians are usually on the
23 take. We practice in the neighborhoods of the least

24 poor.

25 I practice every day. I practiced five

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1 hours this morning in the inner city of Richmond,
2 Virginia. I'm a solo practitioner in family
3 medicine. I know every specialist in the city who
4 will accept my patients without asking what kind of
5 insurance. I only send bills to patients because
6 the federal government said if I do not bill
7 Medicare patient, then I have committed white collar
8 fraud.

9 I have five children who practice medicine
10 in HCA hospitals in Richmond of my six. None of
11 them have retained, each is a private practitioner
12 whose sole income comes from getting up, going to
13 work every day and staying up most nights.

14 I say that because sometimes we get
15 confused. I reflect who you are. My same concerns
16 are yours. Because when I'm challenged with taking
17 care of a patient, I don't have the privilege of
18 deciding what source of revenue will take care of
19 that patient.

20 I've done that for more than 30 years in
21 the same location, and I would invite you, any of
22 you, to return tonight with me and we will go to my
23 office in the morning and you will witness that. I
24 do think that my experience both as a provider, both

25 as a policymaker, a policymaker for youngsters whose

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1 privileges probably are not where they ought to be,
2 but the opportunities for them to be health
3 providers has been assisted, supported and I would
4 dare say ensured by the willingness of this company
5 to provide their resources and more so influence to
6 allow these youngsters to learn.

7 Many of your clinicians are products of
8 that school who live and practice in your
9 community. So I can be validated today. And I have
10 a young friend of mine whose daddy grew up with me
11 and was a part of this community. And my son and he
12 played football together. He dared that I not
13 recognize him here. His name is Willis Veneer. A
14 little fellow around here somewhere, little tiny
15 guy.

16 You see, I understand there is a
17 contract. I'm also suggesting that we don't have to
18 go far for that \$450 million. There will be
19 diversity. But more than that, it is a privilege
20 for me to have served these 20 plus years on a
21 caring board.

22 I have known all of the founders, and they
23 are all deceased but one. That's Tommy, Junior, his
24 mother, father and the other two members. And part
25 of my professional life has been the opportunity to

1 meet some of America's finest citizens.

2 What you don't know is there is a little
3 group called United Way, and a part of it is the
4 Tatot Society. Well, a young man whose name is
5 Thomas Fitz, Junior, is responsible for the Tatot
6 Society. So our commitment goes to our hospitals.
7 As difficult a time it is to come to Richmond and
8 not see his executives at the Tatot Society in
9 Richmond. So we do give and we support. We have
10 not forgotten. This company has not forgotten.

11 And I will close by simply saying the last
12 time I was here for health care I came to see your
13 dream, which was a Martin Luther King Hospital. I
14 came by a different mode of transportation then, a
15 two -- a little propeller plane with three of us in
16 this thing and with a lot of holding the wings
17 together, come to see what you did with your
18 hospital.

19 We went back to Richmond and asked HCA to
20 help us. They designed and constructed that
21 hospital. Today that hospital is a viable
22 inner-city hospital without any subsidies. With a
23 recording device for Richmond that started with 15
24 Afro-American physicians in 1980. Today we're over
25 80 or 80 plus. They are all over the city doing all

1 kinds of things.

2 So I want to again thank you for giving me
3 my first experience in Kansas City by meeting my
4 dream and reality by showing me your hospital and
5 saying to you, the company responsible for making
6 that dream come true for me was HCA who designed it
7 and managed that hospital for a number of years.

8 I would thank you very much for this
9 opportunity and invite you also to come to our
10 little capital of the Confederacy, a little city by
11 the name of Richmond, Virginia. Thank you very
12 much.

13 MR. BOVENDER: In the early 1990's HCA
14 went into partnership with Methodist Health Care
15 System in San Antonio, a very big, sophisticated
16 hospital, particularly the mothership there in the
17 medical center. We have with us tonight Peggy
18 Allison who is the chairman of the Methodist Health
19 Care System board, been there since June of 2001.

20 She has been active with this board since
21 1995. She is a civic leader in Greater San Antonio,
22 a member and past president of Methodist Health Care
23 Ministries of South Texas board of directors.

24 Peggy, if you will come up. Peggy is
25 going to tell you about her experience of HCA coming

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1 into partnership with them in San Antonio. And it's
2 quite all right to talk about the fear and

3 trepidation all of you had when you did it, and tell
4 them about the results, if you would.

5 MS. ALLISON: I too would like to express
6 my pleasure in being invited to come here today
7 because not so long ago those of us in San Antonio,
8 community of San Antonio was very much like you are
9 tonight, wondering what was going to happen with the
10 future of health care in our city.

11 San Antonio Methodist Hospital was
12 chartered by the Southwest Texas Conference of the
13 United Methodist Church in 1955. And when it
14 opened, it was the first hospital in newly created
15 South Texas Medical Center. Our mission was simple:
16 To serve man to honor God. The year was 1963.

17 For the next 30 years Methodist Hospital
18 served the needs of the people of their county and
19 enjoyed being known as the preferred provider.
20 However, in the early 1990's the board at Methodist
21 realized that with the overwhelming changes that
22 were taking place in the health care arena, a
23 stand-alone hospital was not going to be able to
24 survive, much less prosper.

25 And so we began the process of looking for

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1 a partner, someone who could share our vision,
2 embrace our mission and ensure our long-term
3 viability. We looked first at other nonprofit

4 providers within the community. And then in the
5 spring of 1994 we approached HCA. In January of
6 that following year Methodist Health Care System was
7 born in equal partnership between HCA and Methodist
8 Health Care Ministries.

9 Like Health Midwest we too had a list of
10 requirements. Foremost we wanted to be able to
11 expand our mission without losing our identity or
12 what we like to refer to and we do frequently, our
13 Methodist way of providing health care.

14 We wanted to maintain local governments in
15 control, but we wanted to be able to participate in
16 national contracting and purchasing. We wanted
17 access to best practice and benchmarking data. We
18 wanted the latest technology available in our
19 hospital and we needed access to capital. With HCA
20 we found a definite synergy.

21 And now as we complete our eighth year in
22 this operation, all of our covenants remain in
23 place. They continue to be met. In many ways this
24 partnership has exceeded our wildest expectation.

25 In every aspect of our dealings with HCA,

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1 and I can't say this strongly enough, in every
2 aspect of our dealing with HCA we have found them to
3 be of the highest moral and ethical character.
4 Simply put, they keep their promises. San Antonio,
5 indeed all of south Texas has benefited from our

6 union.

7 Our system is managed by a local team of
8 administrators. Each of our senior managers has
9 been with Methodist for over 15 years. At the
10 governance level our board consists of five
11 representatives from Methodist Ministries and five
12 representatives from HCA, but each partner only has
13 one vote.

14 We often refer to this as a marriage. In
15 fact, shared communication and consensus is a must.
16 The board chair by agreement comes from a Methodist
17 partner and our agenda -- our agendas keep the needs
18 of our community uppermost in the decision-making
19 process. The system also has a community board
20 whose members represent a broad cross section of San
21 Antonio.

22 Earlier you were told of HCA's approach to
23 the community. Nowhere could that be more true than
24 with our partnership. HCA has always placed a high
25 priority and distinct focus on listening to the

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1 local needs and concerns. I don't have time this
2 evening really to tell you all that we have
3 accomplished, but I want to give you a few key
4 examples.

5 Methodist, Southwest Texas Methodist
6 Hospital --

7 ATTORNEY GENERAL NIXON: Excuse me. We
8 have a great number of speakers this evening, and
9 while we greatly appreciate your number of examples,
10 the smaller number that we take --

11 (AUDIENCE APPLAUSE.)

12 MS. ALLISON: Methodist is the only
13 hospital in San Antonio that provided pastoral care
14 services 24 hours a day, seven days a week. It was
15 what we thought the community expected. That
16 program has been expanded to all six of our
17 hospitals. And HCA was so convinced of the benefits
18 of this chaplaincy program that it has been
19 replicated. It has become a national model and has
20 been replicated in several other hospitals.

21 Another unique program is SAFE, which is
22 Sexual Assault and Forensic Exam, a program run by
23 the San Antonio Police Department and located in our
24 transplant hospital. This program has been helping
25 adult rape survivors navigate the tense and

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1 uncertain moments following an assault. Today, in
2 the three years since it has been opened, over 2100
3 survivors have been seen.

4 And there are at least a dozen or more
5 additional health and welfare programs designed
6 specifically for the people of San Antonio. Over
7 2,000 people took part in over 3500 events last year
8 alone.

9 We have three signature wellness programs:
10 a woman's plus, 55 plus, and a young hero's club.
11 We have a series of Methodist web sites which offer
12 rich online resources so that our community can make
13 their own educational decisions about health care.
14 We have something called Well Waldo's
15 Wheels, which is this bus that is elaborately
16 decorated, but its key purpose is to provide
17 transportation to the inner city for families and
18 for children so they can meet their doctors'
19 appointments and they can come and visit in the
20 hospital.
21 But programming isn't the only area where
22 we can benefit. HCA's commitment to facilities of
23 the highest caliber has met over \$300 million in
24 capital improvements during the past eight years,
25 including a state of the art children's hospital.

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1 Another one of our hospitals is in the
2 inner city location. When the partnership began in
3 '95, really the easiest solution to all of the
4 problems that existed at this hospital would be to
5 close the doors, but we knew we needed to maintain
6 that inner city presence.

7 So with HCA's infusion of capital and with
8 their expertise, we have turned that hospital
9 around. And in the next two years we will be

10 committing over 200 million in capital and upgrades
11 and improvements to meet the demands of these inner
12 city hospitals. Gives us the luxury of being on the
13 cutting edge of new technology.

14 The next part that I'm going to talk to
15 you about I think you really do need to hear, and
16 that is about what has happened -- what happened to
17 the monies that were created, the foundation that
18 was created with the sale of our one-half interest
19 to HCA.

20 Growing out of that became Methodist
21 Health Care Ministries, the nonprofit owner of the
22 one-half -- of one half of the hospital system.
23 Since 1995 the Ministries have provided over 54
24 million in health care for over 800,000 client
25 contacts and is the largest nonpublic funding source

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1 for indigent health care in south Texas.

2 Ministries serves communities throughout
3 the 72 county footprint of the Southwest Texas
4 Methodist Conference of the United Methodist
5 Church. Fourteen of those counties are the poorest
6 counties in Texas. One of them, Star County, is the
7 poorest county in the United States. Many of those,
8 about 17, have no access to health care whatsoever.

9 Methodist Ministries provides innovative
10 and effective and long-term physical and mental and
11 spiritual resources to these communities. Mothers

12 and fathers, many of them unwed, are gaining
13 valuable parenting caring.

14 We have primary care clinics, one on the
15 south side of town, which is predominantly Mexican
16 American, another one on the east side of town,
17 which is predominantly a black community. And we
18 are providing health care to families who have no
19 other means. They are the working poor.

20 None of this would have been possible
21 without making a one of a kind partnership with
22 HCA. In our last year as a stand-alone hospital --
23 in the last two years alone we have provided 140
24 million --

25 MR. BOVENDER: I'm sorry. We were going

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1 to try to tell you a story so you would understand,
2 but obviously there is a significant group of people
3 here that don't want to hear anymore.

4 ATTORNEY GENERAL NIXON: We will give you
5 one minute to clean up. We have a number of folks
6 who have waited for well over an hour for the
7 opportunity to speak. So if everyone would give Mr.
8 Bovender the courtesy for him to just give a
9 one-minute cleanup here, and then we'll move to the
10 witnesses.

11 MR. BOVENDER: Well, I would like Darrell
12 Freeman to give the cleanup for this. Darrell is

13 the -- our first --

14 AUDIENCE MEMBER: One minute.

15 MR. BOVENDER: Darrell is the chairman of
16 the board of our Smyrna Hospital in Nashville,
17 Tennessee. He is the president and CEO of Zycron
18 Computer Services. He is the largest provider of
19 contract services and information systems to HCA.
20 He is president elect of the 100 Black United Men of
21 Tennessee, member of the National Harry Chapin
22 Commerce Board.

23 Darrell, it seems like you've got some
24 people a little bit hostile in here, but maybe take
25 a couple minutes.

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1 MR. FREEMAN: Good evening. I understand
2 that your patience is growing thin and that you have
3 topics that you want to -- but I do want to take
4 just a few more moments. I kind of feel like I'm at
5 the amateur night at the Apollo where you kind of
6 get drug off the stage. So I'm going to ask that
7 nobody come running just yet.

8 AUDIENCE MEMBER: One minute.

9 MR. FREEMAN: One minute? Okay. I'm
10 going to dismiss with my presentation since I only
11 have one minute. I want to let you know that HCA is
12 a company that's committed to patient quality. HCA
13 is a company that's committed to providing health
14 care to anyone regardless of their ability to pay

15 and that they do not do a wallet biopsy before the
16 person comes into the door.

17 I just want to let you know that HCA is
18 going to invest \$450 million into this community,
19 and that you shouldn't be surprised when we see
20 construction workers working building a new wing.
21 You shouldn't be surprised when you see the
22 construction workers working. And on the board,
23 though you may see some minorities on the board that
24 are performing those service. So with all of that
25 said, thank you very much.

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1 ATTORNEY GENERAL NIXON: Here is the two
2 things. There is a white Sable. It's parked on
3 Wayne Avenue with the lights on.

4 What I will do is similar to a baseball
5 game. I'm going to announce who is up next, who is
6 on deck and who is in the hole so everybody will
7 know the three that are there.

8 So what we have as the batting lead off,
9 the Congresswoman from the 5th District, Karen
10 McCarthy; on deck will be the County Executive
11 Katherine Shields; and in the hole will be former
12 Mayor Emanuel Cleaver.

13 CONGRESSWOMAN MCCARTHY: Thank you,
14 Attorney General Jay Nixon, for this investigation.
15 As you can see there is standing room only

16 interest. Change is tough, and we want you to be
17 aware in this community that we hope your
18 investigation proves that the post sale guarantees
19 certain things.

20 First of all and foremost, quality and
21 affordable health care for those in need. I
22 emphasize quality and affordable. Health Midwest
23 has set an outstanding record over the year that we
24 anticipate will be maintained.

25 Number two, assure that the employees'

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1 needs are met. We've had some talk tonight, and I
2 would like you to investigate past practices of HCA
3 to make sure that they are consistent with what
4 we've heard tonight. And that the core mission of
5 the foundation will be created containing the people
6 and the community's interest, specifically with
7 regard to indigent care.

8 HCA must provide you and thus all of us
9 with empirical evidence on improvement of patient
10 care based on their prior experience. Emphasis on
11 improvement of care. Health Midwest has done an
12 outstanding job. They were wise enough to realize
13 the needs were not being met in certain instances.
14 We want to be sure that HCA is going to improve
15 patient care.

16 And also, because we have traditionally
17 known these as not-for-profit hospitals which took

18 in patients regardless of their economic background,
19 particularly in the emergency room, while HCA
20 discussed tonight with us what they intend to do, we
21 would like for empirical evidence that they provide
22 to show that that is what is going to happen.

23 Because our concern, if they are denied
24 care because of their inability to pay, be shuffled
25 off to other hospitals and put a greater burden on

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1 the taxpayer support in not-for-profit hospitals.

2 And lastly, it's critical that this
3 proposed sale not have an adverse effect on health
4 care of the Kansas City community, but that the sale
5 improve health care and guarantee adequate benefits,
6 employee wages and appropriate working conditions
7 and commitment to respect past negotiated agreements
8 that the Health Midwest employees have had.

9 I will speak very briefly to the
10 foundation and then turn it over to our county
11 executive. I think the creation of that foundation
12 must reflect the mission and the needs of the
13 community and must be considered in your review.

14 I would like you to entertain the notion
15 that perhaps a separate board to administer the
16 foundation funds be considered and the membership be
17 reflective of the diversity of the community it
18 serves.

19 They have an outstanding board in place at
20 Health Midwest and they do talk about diversity, but
21 that board now is worried about for profit, bottom
22 line. We need a board for the foundation that
23 worries about indigent care in this community.

24 I thank you very, very much for what
25 you're doing, Attorney General. Look forward to

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1 working with you in that endeavor, and I know
2 everyone in this room appreciates what you're doing
3 tonight.

4 ATTORNEY GENERAL NIXON: At the plate
5 Katherine Shields, on deck former Mayor Cleaver,
6 Senator Bland after Mayor Cleaver.

7 MS. SHIELDS: Good evening. I'm Katherine
8 Shields, Jackson County Executive. I am here
9 because I am very much concerned about the health
10 care delivery system in Jackson County.

11 Jackson County alone, through direct
12 taxpayer dollars, provides over \$23 million annually
13 to indigent health care. The City of Kansas City,
14 Missouri, provides over \$30 million annually to
15 indigent health care. With that background in
16 place, I am very, very concerned, Mr. Attorney
17 General, about the sale of this not-for-profit to a
18 for-profit corporation.

19 They did have, I thought in their
20 after-sale covenants, they had some interesting

21 provisos, but I would really like to see those
22 provisos strengthened. For example, where they
23 indicate that they will continue to do the same
24 level of indigent health care that Health Midwest
25 should have done and cited across the nation they

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1 have an average I think of 18 percent indigent
2 Medicaid and Medicare health care providing, I
3 would like to see that their contract actually say
4 that they will provide either what Health Midwest
5 has been doing or that 18 percent, whichever is
6 greater.

7 And that they also commit to adjust that
8 to the annual increase in the cost of health care.
9 Because, as we all know, health care costs rise more
10 quickly than do other costs.

11 Secondly, I am very much concerned, as I
12 represent not only Kansas City, Missouri, but the
13 eastern community, in that where they talk about not
14 closing any hospitals. They said outside the center
15 core they would not close any hospitals unless they
16 were replacing them with new hospitals.

17 My concern for Eastern Jackson County is
18 that rather than ending up with I believe now three
19 Health Midwest hospitals, we will end up with only
20 one hospital, serving again probably the more richer
21 suburban area, again, leaving behind particularly

22 the indigent people. This again goes to the
23 transportation issues, could end up being a much
24 greater burden on Truman Medical Center East than
25 partly shared.

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1 If this sale does go through, I would like
2 to talk a little bit about that issue. I think,
3 first of all, one of the things that I would like to
4 ask you to ensure is that the \$800 million that's
5 supposed to go into this doesn't become a lesser
6 number. And I think that is a number that we keep
7 our eye on over the next few months.

8 Secondly, I think we need to make sure
9 that the board that oversees these funds is actually
10 appointed or selected by the people who are
11 concerned about indigent health care. And I would
12 like to throw out the executive officers of Jackson
13 County and the Mayor of the City of Kansas City
14 because I think with our over \$50 million a year in
15 indigent health care costs that we pursue that we
16 have indicated that commitment to indigent health
17 care. I think it's very important to have a board
18 that has that concern.

19 Thirdly, I hope that as this board is set
20 up and the funds are distributed, that there will be
21 not be a vulcanization. By that, I'm just breaking
22 it down into little individual pots, just a dab here
23 and a dab there. I don't think that is really going

24 to serve the health care needs of this community in
25 a particularly beneficial way.

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1 And finally, as stated so eloquently by my
2 colleague from Washington, I would hope that also we
3 would be sure that there are specific guarantees
4 protecting the working men and women who are going
5 to be working in these facilities into the future.

6 ATTORNEY GENERAL NIXON: Mayor Cleaver
7 up. Senator Bland and then followed by Ron Stewart,
8 Mayor of Independence.

9 MR. CLEAVER: General Nixon. You're very
10 kind to spend this time here tonight and we
11 appreciate it. We also appreciate the fact that
12 it's here at the Linwood Multipurpose Center for a
13 number of reasons, and I think it's helpful to
14 Kansas City.

15 I think, Mr. Bovender, Kansas City is a
16 very decent and respectful community. That is our
17 history. That is who we are. And I think that
18 perhaps if members of the audience understood that
19 there were additional hearings, they might have been
20 a little more patient, but the fact that they did
21 not know created some anxiety. And so this city
22 does have a history of expressing itself.

23 But I would also like to say along those
24 same lines, the meeting that is scheduled for

25 Independence, unless I am mistaken, is at 4:00

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1 o'clock. And I would respectfully ask for some
2 consideration for some alteration.

3 There are a lot of working people who
4 would have some difficulty, but in addition, the
5 traffic, General Nixon, at 4:00 o'clock going out
6 I-70 is going to create, I think, some additional
7 anxiety. So I'm just suggesting that you reconsider
8 those times and hopefully --

9 ATTORNEY GENERAL NIXON: So noted, Mr.
10 Mayor. We will.

11 MR. CLEAVER: I told Jack Bovender
12 directly that I was prepared to dislike him and his
13 company when he arrived. I said that to him
14 directly. Because there are a number of us who
15 theologically and some degree politically are just
16 plain opposed to for-profit health care.

17 Bishop Mark Talbott, who is the chair
18 concerning clergy, and Reverend -- is the Dean.
19 We have this theological issue. There are a number
20 of clergy here tonight who share in that theology.

21 The truth of the matter is, we realize
22 that that is going to change, that health care has
23 changed dramatically in this country and it is going
24 to change even more. So we realize that that's not
25 an objection that we can state with any desire or

1 hope that it will be altered.

2 However, I do think -- however, I do think
3 that my concerns of indigent care by the HCA have
4 been melted away. As we checked, they do have a
5 history that does suggest that they are good
6 corporate citizens.

7 My primary concern tonight is when HCA
8 writes an \$800,000 (sic) check, a billion dollar
9 check to Health Midwest, we don't need for that
10 foundation to be controlled or the members of the
11 board appointed outside the corporate city limits of
12 Kansas City, because I think that bodes poorly for
13 how that foundation will react to the people in
14 Kansas City.

15 And as a recovering politician, I do
16 understand that people -- I mean, that, you know, in
17 politics we would like to be able to do appointments
18 and so forth. I would seriously recommend that this
19 board be done locally.

20 But the problem, of course, is that Health
21 Midwest does not have a history of responding
22 positively to diversity. I hate to say that because
23 I'm saying that in front of some guests from some
24 other cities, and I take a great deal of pride in
25 Kansas City, but that is a fact.

3 it is most important for us to stay informed and be
4 a participant. The only way we're going to do that
5 is to listen and hear what people have to offer. I
6 too am concerned and more importantly I want to know
7 that we are going to be major participants.

8 I have had opportunity to meet with Mr.
9 Bovender and have shared with him the concerns that
10 I heard on behalf of many organizations and people
11 and individuals. And they have already been
12 established to you as to what they are and many will
13 speak to that tonight. But let me share them to
14 you.

15 That any time there is change and new
16 things in our life, it brings concern. And most
17 times it brings concerns about the foundation of
18 information. So I encourage you tonight to listen
19 to what the organizations have brought forth to you.

20 I really wish that we would have
21 opportunity for Health Midwest to speak as well and
22 present, even though they have been here and they
23 have already written their history. But I think
24 that it also helps to inform those who might not
25 know our history or know the information they need

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1 to know. And it's always good to have all the
2 information. Because I believe that when people are
3 informed they make good decisions.

4 So what happens in all this is in our
5 hands as well. If you just pay attention, get
6 involved, listen and more important, spend your
7 energy on what it is you want and how you're going
8 to get it. Thank you.

9 ATTORNEY GENERAL NIXON: Ron Stewart, the
10 Mayor of Independence, and then Bridgette Williams
11 from the AFL-CIO, followed by Landon Rowland from
12 LINC.

13 MR. STEWART: Good evening, ladies and
14 gentlemen. I am Mayor Ron Stewart, City of
15 Independence. Honorable Attorney General, thank you
16 for the opportunity to speak tonight regarding the
17 proposed sale of Health Midwest to HCA.

18 Before I proceed any further, I would
19 respond to Emanuel Cleaver's request. The City of
20 Independence is open from 4:00 p.m. to midnight,
21 Attorney General. Any time you want us, we will be
22 there. We will accommodate. Good to see you,
23 Mayor.

24 Although there are details that are yet to
25 be disclosed, these issues promise to be one of the

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1 most critical of importance to the residents of the
2 entire Kansas City area. When considering the sale
3 of Health Midwest to HCA, I would ask that two
4 issues are kept at the forefront.

5 First, we must guarantee that the

6 availability, quality and the range of health
7 services currently offered does not reduce from its
8 existing level. Indeed, we should expect clear
9 evidence of a commitment to improve in this area.

10 Second, the plan to proceed with the sale
11 must not only address metro wide needs, but must
12 also assure that unmet local community health needs
13 are funded from the existing local foundation. In
14 fact, it is the local foundation that is closest to
15 and best equipped to evaluate and respond to the
16 unmet direct health needs of our citizens.

17 Health Midwest announced this morning that
18 the sale would generate about \$800 million to meet
19 health care. And these are the people in the Kansas
20 City area. That money represents charitable assets
21 of the community served by the 12 hospitals owned by
22 Health Midwest. Four of those hospitals or 33
23 percent are the citizens served in suburban Jackson
24 County or Health Midwest Eastern Region. That
25 includes the Lee's Summit Hospital, Research Belton

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1 Hospital, Medical Center of Independence and
2 Independence Regional Health Center. Just by
3 numbers of the hospitals that are serving Jackson
4 County residents is around \$664 million.

5 The Health Midwest proposal causes the
6 creation of a new foundation of 25 members to

7 oversee the \$800 million. The board of the new
8 foundation would include 16 members of the existing
9 Health Midwest board, which Mayor Cleaver, consists
10 of 11 who do not live in Kansas City, they live in
11 Missouri or outside Kansas City. They live in
12 Kansas, four in Kansas City and one in Lee's
13 Summit. And the ninth member chosen through this
14 process has yet to be finalized. This sounds like
15 the old clique, "The check is in the mail." I have
16 a problem with that.

17 Other plans. Health Midwest just became
18 the Pied Piper of charity possibly by leading most
19 of the charitable assets away from our original home
20 and original purpose of suburban Jackson County.
21 That simply cannot happen.

22 It is with that in mind that we offer a
23 suburban Jackson County plan which would have two
24 parts. One for the formation of a metropolitan wide
25 foundation and one for a local community foundation

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1 under the existing Truman Heartland Community
2 Foundation to provide ongoing unmet directive health
3 services funding for the suburban Jackson County.

4 A copy of the plan is hereby submitted for
5 your review and consideration. I will have staff
6 make sure you're familiar with that plan. Under
7 this proposal the proportionate share of the
8 proceeds of this sale will be identified for the

9 assets of the existing Health Midwest eastern
10 region.

11 If that is 33 percent of 800 million, it
12 would amount to \$264 million and will be divided as
13 follows: 25 percent of \$264 million, or 66 million,
14 would go to the metropolitan wide foundation to
15 support projects to enhance the health of all
16 residents in the entire area not covered by Health
17 Midwest. The remaining 75 percent of the 198
18 million would go to Truman Heartland Community
19 Foundation to address the ongoing unmet directive
20 health services in suburban Jackson County.

21 This foundation already has affiliations
22 with Blue Springs, Lee's Summit, Independence,
23 Raytown, Grain Valley, Sugar Creek and is capable of
24 responding in a timely and sufficient manner. I
25 might add that the mayors of all the aforesated

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1 cities have endorsed this plan.

2 On October the 21st of this year the City
3 of Independence Council passed a resolution
4 supporting the needs for this type of alternative
5 approach. Similar resolutions have already been
6 approved or under consideration by other suburban
7 Jackson County communities. It is our belief that
8 this plan is fair and reasonable and anything else
9 might be considered nothing less than a donation

10 without representation.

11 On behalf of the residents of Independence
12 and the mayors of suburban Jackson County I am
13 pleased you will be having another meeting in
14 Independence on November the 26th. As I stated
15 earlier, we will make arrangements for this hearing
16 to be at any time you choose. And also, we will
17 provide televised coverage of that meeting and also
18 will provide copies to be aired in other interested
19 communities.

20 Once again, I thank you for the
21 opportunity to speak on this issue, and I know you
22 have a long night ahead of you. Thank you.

23 ATTORNEY GENERAL NIXON: Bridgette
24 Williams, then Landon Rowland. Mayor Pro Tem
25 Brooks, do you wish to speak this evening?

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1 MR. BROOKS: Yes, sir.

2 ATTORNEY GENERAL NIXON: You're third on
3 the list then.

4 MR. BROOKS: Thank you, sir.

5 MS. WILLIAMS: We want to make sure our
6 voices are heard tonight, right? All the issues
7 you've heard today translate to the community
8 impact. With all the glitz and the galmour that
9 have been presented this evening, when the dust
10 settles, we, the community, and the work force are
11 still here.

12 I'm Bridgette Williams. I represent over
13 85,000 working people in the greater Kansas City
14 area who have a large health care benefit plan
15 within the Health Midwest system. We do have a
16 vested interest. There are two proponents to this
17 for us. One is the community, two is the work
18 force. So while we leapfrog, we want to make sure
19 that when the frog lands it talks to the employees
20 too.

21 When everything is done, we want it done
22 in a thoughtful, considerate way that protects the
23 integrity of the working people and the community,
24 that protects their benefits packages, that protects
25 seniority, that protects those employees who have

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1 decided that they want to have a voice on the job.

2 Health Midwest employs somewhere around
3 12,000 men and women in the community. That's a lot
4 of people. And they stated this morning that it was
5 the labor costs that was the reason for the sale.

6 I would ask the question that do these
7 labor costs include the salaries of the top ten
8 executives of the company? I would also ask that
9 does these labor costs include the eight -- the
10 merely \$8 million spent on a management firm to
11 implement Project Delta? I would ask if this
12 includes the millions of dollars spent on the

13 anti-union firm hired to -- (audience applause.)

14 So when it's all said and done, before a
15 sale occurs, first of all, we want these questions
16 answered, Attorney General Nixon. We want to make
17 sure that not only the community is reflected on the
18 foundation board and on the hospital boards, that
19 the work force is reflected on those boards.

20 We want to make sure that the history
21 Health Midwest has established in terms of indigent
22 care not only stays level but it increases, because
23 it is not enough. We want to make sure that nurses
24 united as the steel workers, who are organizing
25 every employee in the Health Midwest system, are

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1 protected. And we want to know, are you going to
2 ensure those protections?

3 We have a lot vested in this community.
4 We live here. We work here. We raise our children
5 here, and while we appreciate you coming here to be
6 apart of this community, it's just as much your
7 honor as it is ours.

8 So I will challenge you that as important
9 as this meeting here tonight is the meeting next
10 week in Independence. And whether or not there is
11 food there, because I'm starving, I would challenge
12 you to make sure your voices are heard before this
13 sale is finalized. We have a lot at stake. Thank
14 you.

15 MR. ROWLAND: Bridgette Williams is a LINC
16 commissioner, and I couldn't bring her up here with
17 us because she decided she had a more important
18 message.

19 My name is Landon Rowland, Attorney
20 General Nixon, and I am the chairman of the Local
21 Investment Commission which, as most of you know,
22 was created by the state in 1992 to oversee the
23 improvement of the lives of children and families
24 and the elderly in the core of Kansas City. And
25 most of you had some contact with me since 1992, and

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1 we're still at it. It's a part of our work that we
2 review and assess this transaction with Health
3 Midwest.

4 There have been in the last 15 years an
5 enormous number of new foundations created as
6 hospitals have been sold in this country. I think
7 we're not aware that in Kansas City Bethany and
8 Menorah were sold and created local foundations,
9 perhaps without the kind of governance that we think
10 is essential and that we are urging on the Attorney
11 General tonight.

12 Many of you will have an opportunity to
13 say more about it, Mr. Attorney General, because we
14 believe that there will be more hearings and we will
15 be right up there with you talking about them. We

16 will submit to you in writing our detailed comments
17 on this so that we won't prolong this.

18 I will say that we're especially concerned
19 of late because of an abiding problem in Kansas City
20 that makes this a special community in many ways.
21 We have an enormous disparity in health care in this
22 community. Some are treated better than others;
23 some are treated sooner than others. This disparity
24 of health care makes the Kansas City situation
25 unique in terms of the challenges for HCA; it makes

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1 it unique for the foundation that comes along with
2 the proceeds.

3 I brought with me tonight Cathy Davis who,
4 as many of you know, is with LINC, and she is the
5 cochair of the City of Kansas City's Health
6 Commission. Is Mary Williams Neal still here?

7 MS. NEAL: Yes.

8 MR. ROWLAND: Stand up. Councilwoman Neal
9 is the cochair of this committee, and she let Cathy
10 come up here. We have with us the materials we're
11 going to submit to you. A statement from Dr.
12 Hellman, who approached the LINC Commission with a
13 very good analysis of the needs of the City of
14 Kansas City that are reflected in this transaction.
15 I hope all of you get a chance to read it. If you
16 don't get a copy, make sure you let one of us know
17 and we will get it to you. Cathy is going to talk

18 about these health care disparities.

19 With me also is Richard Morris, who is key
20 to the LINC efforts to organize communities and
21 neighborhoods so that they have their voices in this
22 process. All of you know how much time LINC has
23 spent going into the neighborhoods to develop
24 bottoms up governments for this town. We don't want
25 to have all the orders come from Jeff City or from

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1 on high. We believe that local communities,
2 neighborhoods, neighbors, families, should have a
3 say in what is going on in their community. Richard
4 is going to say just a word or two about their
5 problems, their concerns about this.

6 I want to close my comments with some
7 concerns that go principally to governance. You've
8 heard, Mr. Attorney General, already from people who
9 are concerned about diversity in governance,
10 competence in governance. I think our approach is
11 very much along the same lines.

12 We're concerned that the charitable
13 proceeds from this sale are not treated as a lottery
14 on which chances can be bought or sold. It's not a
15 pot of money that can be tapped by well-intentioned,
16 highly-placed, well-connected for a project of their
17 choosing without regard to the needs of the
18 indigent, the underserved, the barely served and

19 those truly in need. We're committed to a community
20 process in which everybody gets to be heard and has
21 a part of the governance.

22 We're especially concerned about three
23 things: openness, accountability and governance.
24 Openness, accountability and governance. We believe
25 the new foundation has to operate in the open to

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1 ensure that the efforts are understood by everybody,
2 and Senator Bland talked about the necessity for
3 making sure we all understand this process.

4 To that end, we believe this new
5 foundation has got to be conducted under the
6 Sunshine Law of the State of Missouri. This
7 requires open meetings and open records. This is an
8 essential for this kind of a thing.

9 You have led in St. Louis the imposition
10 of these criteria in the St. Louis project, but we
11 think there needs to be improvements which are
12 specific to Kansas City, and we would be glad to
13 talk about them.

14 On accountability, this means that when
15 you do something you got to be able to explain to
16 the public why you did it and why it's good for
17 everybody. And if you can't, if you have to hide
18 behind closed meetings and so forth and you're not
19 accountable, we don't care for that. We want
20 accountability, open accountability.

21 I just want to make one comment about it
22 because of the time at hand, but accountability
23 needs leadership on that board, leadership on that
24 board that has expertise in investment managing.
25 We're talking about creating one of the largest

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1 foundations in U.S. history in one fell swoop.
2 We have to be sure as a community that we
3 have competent investment expertise. We have to be
4 sure that the people that are on this foundation are
5 used to being responsive to the public, people the
6 public can trust, people that are used to standing
7 up and saying what they did and why they did it.
8 And we want people who are used to community
9 governance, community trust, community service.
10 Those people are out there. And everybody in this
11 audience wants those people to be in charge of this
12 money.

13 I won't talk anymore about the governance
14 from the wide variety of people and representatives
15 of the community. I'm happy to serve a board that
16 works very hard at ensuring every day diversity.
17 And not only diversity in name, but diversity in
18 participation. People that are able to come
19 forward, state what is on their mind and participate
20 in the process and actually making a change in the
21 community. That's the kind of governance and

22 diversity that we want on this board.

23 I would like to ask Cathy to say a couple
24 words about this disparity issue which is unique to
25 Kansas City, needs special attention in the way that

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1 HCA addresses the problems of both service and
2 training and employment. It's a problem which
3 especially the foundation should address for all of
4 Jackson County. Cathy.

5 MS. DAVIS: Thank you very much. The
6 proposed sale of Health Midwest to HCA has prompted
7 the most widespread discussion of our community
8 health needs in recent memory. The discussion is
9 both welcome and needed.

10 As we enter this debate, we want to
11 highlight an important resource that we believe is
12 invaluable to all concerned: the buyer, the
13 charitable foundation and, most significantly, the
14 communities, geographic, socio-economic and racial,
15 that depend on their services.

16 Ford Motor Company and United Auto Workers
17 recently completed a most extensive community-wide
18 health care assessment. It was one of the most
19 extensive ever of the five county metropolitan area,
20 Jackson, Clay, Platte in Missouri, and Johnson,
21 Wyandotte in Kansas. This is, coincidentally, the
22 primary service delivery area for Health Midwest
23 system. This study, done by the national health

24 care consultants The Lewin Group, should figure
25 prominently in any discussion and any decisions.

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1 Why do I say that? First, the study is
2 comprehensive, using data and information from
3 health care providers, physicians, insurance
4 companies, corporate health agencies and the state.
5 The study used a variety of sources, methods and
6 outreach efforts to involve the community in
7 development of the document and its findings.

8 Second, the study provides depth and
9 detail about issues and concerns which you will hear
10 more about from others this evening, including
11 hospital beds, costs, resources and outcomes. I
12 will discuss one of these racial disparities in a
13 moment.

14 Third, the experience of others who have
15 established new health-related foundations
16 underscores the need for a solid community
17 assessment process. This existing study, developed
18 based on community needs and not influenced by the
19 prospects of major philanthropic funds, could serve
20 as a solid building block on which additional work
21 can be done. This approach is necessary if a new
22 foundation is to truly address pressing community
23 health needs.

24 Let me turn briefly to the study's finding

25 on racial disparities in health outcomes. The study

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1 found significant racial disparities in health
2 outcomes within our community as compared to the
3 United States and other -- United States as a whole,
4 and communities such as St. Louis, Minneapolis/St.
5 Paul, Seattle, Wichita and Indianapolis. While the
6 most extensive data concerns Afro-Americans, the
7 general findings equally pertain to other minority
8 groups.

9 Out of 45 tables on racial disparity, I
10 will share just one with you. Exhibit 1-C-194,
11 which is in the packet, which has been provided to
12 the Attorney General. This exhibit compares
13 potential years of life lost for whites and for
14 Afro-Americans before age 65 in the Kansas City
15 area. It shows that Afro-American residents in the
16 Greater Kansas City area lost two and a half times
17 more years of life due to all causes compared to
18 whites.

19 Let me repeat. Among persons younger than
20 65, Afro-Americans in Greater Kansas City area lost
21 two and a half times more years of life due to all
22 causes compared to whites.

23 This disparity is a huge community
24 challenge. Implicit in this damning statistic are
25 threads of several concerns: access to care,

1 quality care, prevention, violence and other social
2 factors that can improve health outcomes. Many of
3 these can be significantly affected by the results
4 of this proposed sale.

5 The importance of this issue should not be
6 lost on anyone involved in this transaction: the
7 buyer, the seller, a new health-related charitable
8 foundation and, just as important, the larger
9 community. This issue is not created by this
10 proposed sale, but our community discussion should
11 be used to highlight attention to racial disparities
12 in health outcomes and gird our collective resolve
13 to constructively address them.

14 Lastly, as a health professional, let me
15 make a few comments about medical research. People
16 mistakenly think that research is a high-powered
17 biomedical research that occurs in laboratories,
18 chemical labs, test animals and test tubes. Very
19 valuable and important research can occur in
20 communities on health outcomes and effective
21 preventive strategies. Kansas City has an
22 exceptional opportunity to create community health
23 research on prevention and care.

24 We appreciate the opportunity to share
25 these comments. Full copies of the Kansas City

1 study is available on the Web site at
2 www.kchealth.org. I can also be reached, and I do
3 have a few copies with me tonight. Thank you.

4 ATTORNEY GENERAL NIXON: Those of you who
5 are interested in seeing a very, very thoughtful
6 study, the study that was just mentioned there, does
7 go into a great number of details about this
8 particular market as compared to other places in the
9 country, and is certainly worth your perusal. If
10 you're having a tough time falling asleep in the
11 evening, it's very, very good.

12 MR. MORRIS: I'm Richard Morris of the
13 LINC Commission. I'm going to give you a down and
14 dirty. I'm going to tell you what it is. I cochair
15 the Neighborhood Services Committee along with Susan
16 Ramirez.

17 Tonight I want to share with you some
18 comments and concerns that have been raised by late
19 commissioners and some of the people in the
20 community, from the community we serve, which is
21 Jackson County and Kansas City, in the low income
22 neighborhoods in Jackson County.

23 And what they are saying is they have five
24 major areas of concern. They want to talk about the
25 medical concerns about access, indigent care,

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1 quality of care, education and preventive services.

2 Will the hospitals be closed and, if so,

3 how will that affect access? I heard the doctor
4 speak very eloquently about coming to Kansas City
5 and visiting the Martin Luther King Hospital.
6 Unfortunately that hospital is closed. It's one of
7 the eight hospitals, eight general acute care
8 hospitals that have either closed or moved from
9 Kansas City's urban core in recent history.

10 Why are there possible emergency room
11 closures? See, one of the things you've got to
12 think about, some of these things can be answered
13 not through assurances, but through positive actions
14 taken and undertaken over time. So we've been given
15 a lot of assurances about a lot of things, and
16 that's good, but what is going to prove out all of
17 this activity is the results from that activity over
18 time.

19 You talk about indigent care, and one of
20 the things they want to know is, will the buyer
21 continue to provide the same levels of charity and
22 indigent care they said they would? But over time
23 we will find out if all of these things are going to
24 happen.

25 Is the role and responsibility of the --

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1 is this the role and responsibility for the new
2 charitable foundation? We don't know. That's
3 something to think about, Attorney Nixon.

4 Quality of care. Will HCA's \$450 million
5 capital in investment result in improved patient
6 care, particularly in the urban core? And we're
7 concerned about that, and who is going to pay for
8 it.

9 Education. What will happen to the
10 Research School of Nursing? We talked about the
11 shortage of nurses as we came in awhile ago and the
12 young lady was handing out bills about shortage of
13 nurses. That's a concern of the community.

14 Preventive services. What will happen to
15 the Research School of Nursing, again? Because
16 that's a crucial part of that solution. And what
17 will be -- and will this new foundation include
18 preventive services as one of its funding
19 priorities? We think that's crucial. The community
20 thinks that's crucial. Something needs to be
21 addressed.

22 We appreciate the opportunity to share
23 these thoughts and concerns and look forward to
24 reviewing and discussing final sales agreements and
25 a chance to meet with HCA officials to learn more

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1 about their plans. We know that these are just
2 talking points. We're just here to share the
3 concerns of the citizens of Kansas City, Missouri,
4 and Jackson County as they have expressed them to
5 us.

6 MR. ROWLAND: Mr. Attorney General, we
7 look forward to ongoing participation in this
8 process, everybody in this room does. We work for
9 the State of Missouri which has invested since 1997
10 about \$400 million in care of the indigent in the
11 Health Midwest system. This is a huge commitment to
12 indigent care from the state.

13 It has an interest in the way that the
14 indigent population is served as it is likely to
15 grow, as the frail and elderly population expands in
16 Kansas City. The frail, elderly African American
17 community expands without any resources or anybody
18 to take care of their needs or their families.

19 We're looking forward to seeing how all of
20 that will be addressed by HCA and by this new
21 foundation. I'm very pleased to be working for the
22 City of Kansas City, however, from time to time I've
23 worked with Alvin Brooks. So whatever time I have
24 left, Mr. Attorney General, I'm very glad to concede
25 to the right, honorable Albert Brooks.

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1 ATTORNEY GENERAL NIXON: Just so we can
2 maintain our current rhythm. We have at the plate,
3 Mayor Pro Tem Alvin Brooks; on deck, Jerry
4 Hernandez, who is Chairman of the Board of the
5 Hispanic Organization for Justice and Equality; and
6 from the Kansas City Chamber of Commerce, Pete Levy

7 in the hole.

8 MR. BROOKS: Gentlemen, thank you very
9 much. Thank you for holding this hearing this
10 evening. Other hearings will be held on the 2nd.
11 I've shared with you that the -- I introduced a
12 resolution a week ago at the Kansas City Council and
13 amendments from council, as well as Councilman Terry
14 Riley. Indeed, the resolution that I will read in
15 part represents our feelings here as a legislative
16 body for the City of Kansas City, Missouri.

17 Before I do that, I want to say that I am
18 so contentious. The post closing covenant that was
19 mentioned by Mr. Bovender in reference to indigent
20 care, but I notice in the mission statement that
21 there is nothing mentioned about indigent care. And
22 I would certainly hope that that may be amended to
23 include indigent care, particularly as we feel about
24 it here in Kansas City.

25 You've heard from those who have indicated

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1 the disparity as it relates not only to those
2 persons of color, specifically African Americans,
3 but also to the indigent persons in general. And
4 also I would like to share with you, I've been told
5 that 70 percent of the funds that are generated are
6 generated from Baptist Hospital and Research
7 Hospital. I just put that in there for the record.

8 Those here at this meeting represents a

9 broad cross-section of what Kansas City is all
10 about. I wish that we continue to come together,
11 and we have issues of faith in this community that
12 span across race and gender as well as religion and
13 status in life. And those persons here certainly
14 represent what this community is all about.

15 And the resolution declaring the City
16 Council's support for the Missouri Attorney
17 General's decision to hold a public hearing on the
18 proposed sale of not-for-profit Health Midwest
19 Hospital System for a profit to HCA. Expressed
20 concerns related to the consideration of the sale of
21 Health Midwest Hospital Systems to the HCA,
22 Incorporated, and emphasizing the need to assure the
23 availability of the quality of the medical care and
24 the preventive health services to maintain and
25 improve the quality of life in Kansas City.

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1 Now whereas, under Missouri law when a
2 not-for-profit entity buys a -- when a for-profit
3 buys a not-for-profit organization, the
4 not-for-profit must set aside an amount equal to the
5 value of the sale to be used for the same or similar
6 purposes that the not-for-profit served before the
7 sale, which frequently is accomplished by creating a
8 foundation.

9 And as part of the sale of not-for-profit

10 Health Midwest Hospital System to a for-profit
11 company, one of the largest charitable foundations
12 in the Kansas City region would be created, with a
13 value of something in the neighborhood of \$800
14 million.

15 Whereas, the council is dedicated to
16 maintaining and improving the quality of life of the
17 citizens of Kansas City, Missouri; access to medical
18 care and preventive health services effect the
19 quality of life in Kansas City. And I might pause
20 here to say that we understand the importance of
21 research in this day and time as far as meeting
22 across the board preventative health care, but we
23 would caution that board to be set up that not all
24 of the money of \$800 million, whatever the figure
25 might be, would go to Research. That prevention,

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1 education, and health care is very important and in
2 most cases more important.

3 And whereas, the City of Kansas City,
4 Missouri, has been fortunate to have the excellent
5 services of the Health Midwest Hospital System, and
6 whereas, the hospitals in this system provide
7 thousands of dollars worth of charity care to
8 uninsured and underinsured citizens, and the
9 hospitals of Health Midwest have provided funds in
10 support of the City's transportation program for the
11 elderly and disabled persons as well as other area

12 charities.

13 And Health Midwest provides laboratory
14 services for clinics which serve hundreds of
15 chronically ill patients who would otherwise become
16 acutely ill, and the citizens of Kansas City are
17 dependent upon the continuation of this excellent
18 medical care and preventive health services to
19 maintain and improve their quality of life.

20 And when not-for-profit facilities are
21 sold to this for-profit institution, the profits
22 from such sales are normally kept in the community
23 to assist with the continued guarantee of access to
24 medical services for poor and marginalized
25 populations and the availability of preventive

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1 health services for all populations.

2 And the Kansas City Health Commission
3 strongly supports this policy of using proceeds from
4 the sale of Health Midwest to ensure continued
5 access to medical and preventative health services
6 for underserved populations, including senior
7 citizens, impoverished families and individuals and
8 minority communities.

9 And that the Mayor and Council hereby
10 declare its support for the Missouri Attorney
11 General's decision to hold a public hearing on the
12 proposed sale of this not-for-profit organization to

13 HCA.

14 That the Mayor and Council endorse the
15 Kansas City Health Commission's recommendation that
16 a significant portion of the proceeds from this sale
17 must benefit populations with the most severe health
18 needs and the worst health outcomes, disparities
19 including senior citizens and impoverished families
20 and individuals and minority communities.

21 And finally, a guarantee that a broad
22 spectrum of medical care and prevention services be
23 provided within the Kansas City community, including
24 but not limited to, intensive care, emergency
25 services, laboratory, outpatient services, patient

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1 education, chronic and acute disease management
2 services, radiological services, surgical
3 capabilities, cardiac care, maternity and infant
4 care, pediatric care, geriatric care, gynecology
5 services, neurology care, oncology care, orthopedic
6 services, rehabilitation services, psychiatric care,
7 community health education and other specialties and
8 general medicine.

9 And guaranteeing that any profits from the
10 sale of Health Midwest to the for-profit
11 organization will result in the profits being
12 assigned to a Kansas City, Missouri-based foundation
13 with a board that represents the diversity of the
14 Kansas City, Missouri community it serves for

15 assuring the access to medical care and the
16 availability of preventive health services for the
17 residents of Kansas City, Missouri, in proportion to
18 the business value and assets located in Kansas
19 City, Missouri. Kansas City should not appear to
20 agree with an allocation based on "value" and
21 "assets" alone. The needs of the residents must
22 also be considered.

23 General, thank you very much for allowing
24 me to speak.

25 ATTORNEY GENERAL NIXON: Mayor Pro Tem,

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1 could you make sure we get a copy of the
2 resolution? Thank you. Next up is Jerry Hernandez,
3 then Pete Levy and then Reverend Fuzzy Thompson in
4 the hole.

5 MR. HERNANDEZ: Thank you, Mr. Chairman.
6 We hope you have other meetings, because five
7 minutes is not long enough to say much about the
8 most important health care issue ever facing our
9 community. We do hope that the next meeting is in
10 the daytime.

11 While I am not here to talk of stopping
12 the sale of Health Midwest to HCA, I am here to say
13 shame on Health Midwest and HCA for leaving the
14 community out of the negotiating process. Health
15 Midwest, a not-for-profit entity, it belongs to the

16 people, not the board. The very people that are
17 here made it a sellable commodity. Yet, Mr.
18 Attorney General, as of this day, it has been
19 impossible to get any information from the Health
20 Midwest management staff and its dictator President
21 Richard Brown.

22 How can we trust a board and president
23 that ran a good institution, Health Midwest, into
24 the ground? And how can we ever expect Mr. Brown
25 and his board to run an \$800 million foundation and

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1 be sure they will not run it into the ground also?
2 The answer is, we cannot.

3 When Mr. Brown decided to close Trinity
4 Lutheran Hospital, right in the heart of the
5 Hispanic community, no consideration was ever given
6 as to the impact it would have on its neighbors who
7 have supported it for decades, the every growing
8 Hispanic community.

9 How can we trust them now? Look at this
10 board of directors: 18 white men, one black man and
11 one white woman. Now, doesn't that look lopsided to
12 you?

13 Now that they want to dump Health Midwest
14 hospitals they feel it's now proper to diversify the
15 board. I guess it's fine to add seven more people to
16 the foundation and still control the board with the
17 current 20 board members. Ladies and gentlemen,

18 that's 20 to seven. Twenty to seven, any way you
19 look at it.

20 We don't need Richard Brown and associates
21 controlling anything anymore. I'm sure he can get
22 another million dollar job somewhere. Hopefully not
23 in Kansas City.

24 Health Midwest is a holding company. We
25 ask Mr. Nixon, our Attorney General, to hold them to

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1 their mission statement and that you intervene and
2 appoint members of this community, not from Johnson
3 County, Kansas, as members of the foundation and
4 advisory committee and that they reflect the diverse
5 members of this great Kansas City community.

6 Thank you for having this important
7 meeting, and we hope that you will have more.

8 ATTORNEY GENERAL NIXON: Thank you very
9 much. Pete Levy, then Teresa Barnett, and then Dr.
10 Herman Watson. I forgot you, Fuzzy. Fuzzy is in
11 between there.

12 MR. LEVY: Thank you, Attorney General
13 Nixon. My name is Peter Levy. I'm president of the
14 Greater Kansas City Chamber of Commerce.

15 AUDIENCE MEMBERS: The mike is not on.

16 MR. LEVY: Is it on now?

17 AUDIENCE MEMBERS: Yes.

18 MR. LEVY: Thank you, Mr. Attorney

19 General. My name is Peter Levy. I'm president of
20 the Greater Kansas City Chamber of Commerce, an
21 organization that enjoys membership from 7500
22 companies from all around the metropolitan area, and
23 we're proud to say that Health Midwest is one of
24 those companies.

25 The members of the Chamber are as diverse

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1 in size and location as can be noted in this
2 metropolitan area, and we serve the same area as
3 Health Midwest has for many years.

4 The mission of the Chamber is to create a
5 vibrant and thriving community, one which enjoys
6 prosperity and an outstanding quality of life for
7 all its citizens in the community. I'm not here to
8 speak for or against specific parts of the
9 transaction that's being described tonight, but
10 rather to provide a perspective as a representative
11 of the business community to do somewhat what Mayor
12 Cleaver suggested, to provide a little bit of
13 insight as to the corporate citizenship of HCA that
14 we have discovered doing some due diligence around
15 the country.

16 We've done a little checking to find out
17 two things. First, would HCA live up to the high
18 standards that Health Midwest has set for corporate
19 participation in this community? And secondly,
20 would HCA in fact enhance our community life and

21 help fulfill the mission of the Chamber to create
22 prosperity and a high quality of life in our
23 community? Truly to see if HCA would be the kind of
24 partner that this community would want to move
25 forward with.

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1 And I'm happy to say that the answer to
2 both of those questions is not just yes, but a
3 strong yes. Health Midwest has been a great
4 corporate citizen in Kansas City. They provided
5 leadership not only in the Greater Kansas City
6 Chamber, but in a multitude of other organizations
7 around this community. They set a high standard for
8 participation in a multitude of organizations.

9 I've had the opportunity to meet with Mr.
10 Bovender and his team, as well as to talk to my
11 counterpart at the Nashville Area Chamber of
12 Commerce, Mike Leo. And I can report from these
13 conversations that HCA is exactly the type of
14 corporation that we would like to see located in
15 Kansas City, to grow and expand in our community and
16 carry forward this mission that I described, not
17 just for the Chamber, but for all of us who live
18 here.

19 In fact, in my conversations with Mike Leo
20 at the Nashville Chamber I learned that the
21 leadership of HCA is evident at all levels. They

22 have been a major contributor to a new arts facility
23 that will be located in downtown Nashville. They
24 have even as recently as last weekend been the
25 sponsor of Excellence in Education programs in their

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1 community.

2 Jack Bovender is in fact the incoming
3 chairman of the Nashville Area Chamber, and his team
4 is found all over the Greater Nashville Chamber,
5 supports commission and all levels of activity.
6 They are important to the community. They are
7 lobbying on behalf of issues important to Nashville,
8 such as jobs, such as health care. And we feel that
9 they will be lobbying on behalf of the Greater
10 Kansas City area to the same extent.

11 He also noted that in Nashville the
12 presence of HCA has resulted in a spinoff of 300 new
13 small businesses that have grown up to serve HCA in
14 the Nashville area. Small business is the heart of
15 the economy in Kansas City, and this can be an
16 important growth factor. Mike Leo described HCA as
17 a good -- as good a corporate citizen as he has ever
18 seen in Nashville, and in fact, the ideal corporate
19 citizen.

20 In checking with the Wichita Chamber,
21 another area where HCA has a major facility, they
22 too report the same kind of findings. That HCA is
23 an active participant in their organization as well.

24 So speaking at least for the business side
25 of this deal for Greater Kansas City, this

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1 transaction could bring very needed tax revenue at
2 the city, the state and the local level, and
3 certainly we could use new tax revenue. It could be
4 part of job growth and small business growth in
5 Kansas City. It can cause us all to see people
6 working all over the community in new construction
7 jobs and in service jobs. And it can create new
8 philanthropy if done in the way -- many of the ways
9 that have been suggested tonight, to help deal with
10 problems, such as access, quality and disparity of
11 health care.

12 In summation, HCA shows all the
13 indications of being an excellent working partner
14 for the business community here in greater Kansas
15 City. General Nixon, we appreciate your diligence
16 in discussing this issue, in reviewing the
17 transaction and providing the community an
18 opportunity to provide this input. Thank you.

19 ATTORNEY GENERAL NIXON: Thank you very
20 much. We will now go with the Reverend Fuzzy
21 Thompson from the Black Men's Group, then followed
22 by Teresa Barnett, and then Dr. Herman Watson.

23 MR. THOMPSON: Thank you, Mr. Nixon. I
24 appreciate the opportunity to come and share these

25 comments with our audience tonight. I first of all

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1 want to applaud everyone who has come out tonight
2 for this hearing. It has been my contention and it
3 has been be our contention all along that the public
4 was interested in this transaction, and if given the
5 opportunity would come forward and make their views
6 known. So I'm very happy to see everybody here
7 tonight. I think one of the goals that we had has
8 been accomplished by people coming out and having an
9 opportunity to speak to this proposed sale.

10 Next, let me say that you outlined in a
11 brief meeting with us the other day that you had
12 three objectives. Three P.'s I think you called
13 them: Process, price and proceeds. I would like to
14 speak very quickly to those three points in which
15 you outline your responsibilities as attorney
16 general in the State of Missouri to these -- to this
17 proposed sale.

18 I think it's obvious today that the
19 process has not been allowed to go its full course.
20 That we need not only tonight's hearing, and we
21 thank you for that, but we need additional public
22 hearings on this issue. I think in terms of the
23 process, we need to have some more questions
24 answered before we are ready to proceed to price and
25 proceeds.

1 We need to know, for instance, at least I
2 need to know, why were there no nonprofit entities
3 seriously considered for this sale? What is the
4 reason for that? Why is it not -- I'm not opposed
5 to HCA. As a matter of fact, I've had a chance to
6 meet some of the people with HCA, and it seems like,
7 as Mr. Levy said, a good company. But health care
8 and nonprofit seem to go together better than health
9 care and for profit.

10 I think it's important for us as the
11 public to know, why were -- what happened with the
12 other business? That is a very important question
13 that I think needs to be answered in looking at the
14 process.

15 Also, I'm sure you've heard tonight that
16 there are all sorts of rumors flying in our
17 community that there are lots of side deals. And I
18 just want to make sure that you make sure that none
19 of those rumors are true and that every deal is
20 transparent, every deal is open, every deal is fair
21 and every deal is above board and a part of a
22 positive transaction.

23 Also, as I'm sure you've heard tonight,
24 most of us have not until tonight been in the
25 process. So we don't know, we the public, who as I

1 understand are the ultimate owners of the assets of
2 the proceeds of the sale, we have not been a part of
3 this process. And we surely, as you can see, want
4 to be a part of this process. And so I would hope
5 that you, Mr. Attorney General, would help us and
6 would ensure as our representative that we can
7 become a part of this process.

8 Price. Since the proceeds belong to the
9 public, then we think the public ought to have
10 something to do with the pricing of those assets
11 which belong to us. \$1.125 billion sounds like, I
12 guess it is, a lot of money, but when you think of
13 13 hospitals plus involved, it may not be a lot of
14 money. We don't know. But I think there ought to
15 be some independent audit to determine what is the
16 actual value of these assets and then proceeds.

17 Now, quite frankly, there are two entities
18 involved here, there is HCA on the one hand and
19 there is Health Midwest on the other hand. We want
20 you to look fairly at both entities. Yes, we're
21 very happy about Pete Levy's report on HCA, that
22 obviously they are a good company. But we want to
23 know what is the report on Health Midwest and is
24 Health Midwest the company that we want to set up a
25 foundation for our assets and to establish the

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1 criteria for board members to be elected to
2 represent us when it appears to be they are not too

3 good in the business, otherwise they wouldn't have
4 to sell.

5 We want you, Mr. Attorney General, my
6 friend and brother, we want you to look out for our
7 interests in determining that Health Midwest, as
8 good a people as they may be, they are not in
9 control of the determination of how our assets are
10 going to be cared for in the future.

11 I thank you. I thank you for this
12 opportunity. And we want to also suggest that the
13 next public hearing be on a Saturday during the day
14 when more people can come even than there are here
15 tonight. Thank you.

16 ATTORNEY GENERAL NIXON: Fuzzy, I take it
17 extremely seriously my responsibility to watch your
18 assets. Teresa Barnett, R.N. Teresa is? Then
19 on deck Dr. Watson, and in the hole would be
20 Gwendolyn Grant from the Urban League.

21 MS. BARNETT: Reverend Nelson Thompson is
22 a real hard act to follow, so I don't know who put
23 me behind him, but I won't go into any extent. I'm
24 a registered nurse and I'm a bedside care giver.
25 And I believe that our voice is essential for you to

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1 begin to understand how we fit into this picture.

2 And although we've talked about making
3 sure that the appointed board is appropriate and

4 includes other people from the community that will
5 make the appropriate ethical decisions, we also
6 would like to see as a binding condition of the sale
7 of Health Midwest that we require -- or that you
8 require staffing ratios in our hospitals across the
9 Health Midwest System.

10 There have been several research studies
11 over the past year. I will just quote one, the
12 Atkin Study, that was published in the Journal of
13 the American Medical Association last month, that
14 directly relates the number of patients that a nurse
15 is caring for. For every one patient you add on to
16 that after the number four, increases the mortality
17 rate of patients by seven percent.

18 Nurses in the Health Midwest System, and
19 not only the Health Midwest System but in hospitals
20 across this country, are being asked to care for
21 sicker and sicker patients, eight, ten, 12 patients.
22 It's impossible to take care of them.

23 I know HCA talks about bringing millions
24 of dollars in to educate young people who may be
25 displaced or just encouraging people to be nurses,

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1 but the truth of the matter is, is that the working
2 conditions inside these hospitals are horrible.
3 It's not just about ratios. It's trying to find a
4 blood pressure cuff. It's the truth, folks. It's
5 trying to find a thermometer to taking your

6 patient's temperature.

7 Which by the way, Health Midwest or HCA or
8 no one pays nurses to take blood pressures, they
9 don't pay us to take a pulse. What they pay me for
10 is to understand what to do with that information,
11 and the less nurses you have in the bedside, people
12 are going to die.

13 These studies are also showing a direct
14 link between our dissatisfaction and burnout with
15 them leaving the profession. And the truth of the
16 matter is, is that nurses really are in a lot of
17 instances treated like second-class citizens. They
18 have no voice.

19 And nurses over four years have been
20 working their butts off to try to get something
21 changed for our patients and for ourselves, and we
22 need your help. You are really our ray of hope, but
23 the public and the nurses, you are our only
24 guarantor of what happens to the health care in our
25 community and in Kansas City, and we appreciate you

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1 being here. And this is democracy in action,
2 folks. And this is so fun.

3 ATTORNEY GENERAL NIXON: Dr. Herman
4 Watson, then Gwendolyn Grant, followed by Doctor
5 Richard Helman.

6 DOCTOR WATSON: Can you hear me? I

7 wanted to say a couple of things. A lot of things
8 you can say. I told my friend Public what to say
9 last night, so I'm glad he got an applause and did
10 a good job.

11 The first thing is that I think you
12 should all know, medicine is not a business. At
13 least I hope if you're having surgery you're not
14 worried about whether you're in surgery is
15 concerned about your bank account. It is not a
16 business. Business people have made it a business
17 and that's part of the reason we have the problems
18 that we have now.

19 For a while I thought the hearing -- I
20 didn't know what we were talking about. I'm glad
21 we got to the point. And the point is not HCA.
22 The point is, Attorney General, that you do what's
23 necessary to make this community be okay, that's
24 the point, and I know you will. But sometimes you
25 need to have more hearings where people can come,

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1 as has been said.

2 I don't know if a lot of people
3 understand what HCA is, and what they say has no
4 meaning. What you say about what they have to do
5 for this settlement to be done is what counts. And
6 so what we're telling -- what we're saying is, and
7 I'm going to be specific, not asking, not

8 requesting, not saying please listen. These
9 hospitals don't need to close. Baptist doesn't
10 need to close. Nurses don't need to be taking care
11 of so many patients that I get called to do surgery
12 because they don't have time to feed a patient.
13 And that's what happened today.

14 So we're kind of concerned that you
15 really have our interests at heart. And I'm not
16 here to glorify Health Midwest or decline. That's
17 not the point.

18 I agree that there should be a board.
19 The board should be made up of people that you and
20 we say should be on there. We should pick the ones
21 on the board, set up the process for the board to
22 continue and so forth.

23 Why should Health Midwest board members,
24 which I think Health Midwest won't exist, if they
25 sell it, they won't be dealing with the hospitals,

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1 why should they be in charge of this. And as has
2 been said before, maybe the management hasn't been
3 the best. I don't know.

4 The other thing is that when these
5 hospitals do close, I think there should be
6 something stipulated so that there is some other
7 entity looking to see why these hospitals are
8 closing before they close. Because as, you know,

9 Verchey Russell (phonetic) approved, he was King of
10 England. You can do anything you want with numbers
11 and figures. And that's very important.

12 One of the other issues is, I don't know
13 if you realize, at least I didn't know until
14 relatively recently, that when hospitals aren't
15 paid to take care of the indigent and go on
16 diversion and they're too full to see those
17 patients, then those patients go to other
18 hospitals. Something should be done so that those
19 hospitals are fully paid seeing people free when
20 you're paying another hospital to pay for them.
21 That happens and has adverse effects on a lot of
22 hospitals. I've had a lot of other things to say
23 and I hope I can submit it in written form to you,
24 but I can't reiterate enough that you have to be
25 the ones that we look to to make the deal right for

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1 us. These hearings get to be more and more. You
2 can see the entrance, and we need a lot more
3 hearings. And I'm not trying to put you on the
4 spot, but you're here, and you need to make sure
5 that this doesn't go awry and that our community
6 has what always happens to them, which is we get
7 left holding the short stick with nothing --
8 hospital closings, nowhere to go. Well, where are
9 people now? If a couple hospitals close, where

10 would you go? You can't get in. And similar
11 things have happened in Kansas City, Kansas, and
12 it's a big problem. No preparation to make when
13 hospitals close and patients wind up suffering.

14 So I would hope that you will listen to
15 us, listen to me, listen to Reverend Thompson, and
16 understand that HCA is not what I'm really here
17 about. We all know about HCA. I'll give you some
18 historical -- I was at Bethany Medical Center for
19 which I think they were formerly attempting to
20 buy.

21 So please, please, please look out for
22 us. And as Reverend Thompson said, we talked about
23 it the other night, we hope nobody winds up with a
24 big bank account based on this sale.

25 ATTORNEY GENERAL NIXON: This is

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1 Gwendolyn Grant from the Urban League, followed by
2 Dr. Richard Hellman and then George Hague.

3 MS. GRANT: Good evening. Can you hear
4 me?

5 AUDIENCE: Yeah.

6 MS. GRANT: As we have observed the
7 events in recent months, the Urban League is
8 concerned that this sale has been conceived,
9 constructed and nearly consummated without any of
10 the slightest of consideration for those we

11 consider, that we consider refer to as the least
12 and left behind, our chronically underserved
13 population, the poor and the indigent, the
14 underfed, the undereducated, the underemployed and
15 the uninsureds whom Dr. David Satcher, the former
16 Surgeon General of the United States, refers to as
17 the have nots of our privatized health care
18 industry. That's why we're concerned about the
19 privatization of this process.

20 Now, you've heard lots of testimony about
21 the disparities in the health care system,
22 especially as it relates to African Americans. And
23 this is the core of our concern, that the issues
24 most pressing and pertinent to our people will be
25 sacrificed at the faceless alter of profit and

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1 power. And, as a result, we fear the racial health
2 disparities which plague this community and the
3 country, will worsen.

4 And I'm going to skip getting into all
5 the statistics because that report has been
6 referenced earlier and I'm going to talk a little
7 bit more about what Reverend Thompson said about
8 process and why it is that we ended up here today
9 with so much acrimony and contention around us, and
10 it has to do with the failure to follow the right
11 process, a process of engaging the people who are

12 the most impacted by this decision in the decision
13 before it is made. You see, the -- what's happened
14 here at Health Midwest, while they, of course, are
15 well meaning, is they've made decisions in behind
16 closed doors with an elite board and informed us,
17 after the fact, and expected us to go along.

18 With the closing of Trinity Lutheran
19 Hospital, Health Midwest seems to have lost sight
20 of the importance of informing its decision making
21 process with the input of African Americans and
22 other minority groups in this community.
23 Therefore, Attorney General Nixon, the Urban League
24 urges you to consider these facts as you consider
25 the merits of this sale and the configuration of

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1 the governing board which should, as a community
2 conscience, balance soulless corporate interests
3 with the pressing human interests of this city
4 which is becoming both blacker and poorer.

5 Specifically, we urge that you develop
6 wise and appropriate criteria for serving on this
7 newly constituted board, you consider the following
8 common sense elements: While one's address can
9 hardly indicate one's commitment to specific
10 community issues and concerns, candidates for this
11 critical decision-making body must have
12 demonstrated a clear commitment to the community in

13 general and in health-related issues in
14 particular.

15 Furthermore, candidates must exhibit
16 broad understanding and knowledge of the complex
17 field of health care delivery and the health
18 promotion and advocacy for the poor and indigent.

19 Without this awareness, confidential,
20 well meaning elites can scarcely serve the needs of
21 the poor, but we always are reminded that few, save
22 the poor, feel for the poor.

23 With that, Attorney General Nixon, I'd
24 like to leave you with some rather relevant and
25 enlightening words prepared in 1986 by the National

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1 Conference of Catholic Bishops on Economic Justice
2 for All. "Poverty is not merely the lack of
3 adequate financial resources. It entails a more
4 profound kind of deprivation, a denial of full
5 participation in the economic, social and political
6 life of society and an inability to influence
7 decisions that affect one's life. It means being
8 powerless in a way that assaults not only one's
9 pocketbook, but also one's fundamental human
10 dignity." Dignity and participation, sir, is what
11 we seek as a community and it is what we are asking
12 you to ensure in this process. Thank you.

13 ATTORNEY GENERAL NIXON: Dr. Richard

14 Hellman, then Pearl Cave, then Dianna Moore.

15 DOCTOR HELLMAN: Thank you, Attorney
16 General. It is a pleasure to speak on behalf of
17 two organizations that I am very committed to, the
18 Mayor's Health Commission and the Minority Health
19 Improvement Committee which I've had the honor to
20 participate in along with Cathy Davis and many
21 others.

22 Our concern is for those who really have
23 no voice, for those in the health care system who
24 are poor, who are from minority populations, who
25 are just loving parents who are working poor,

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1 people who are underinsured or not insured at all.
2 And when a situation such as this occurs, the
3 transfer of not-for-profit assets to for-profit
4 companies, we wonder most about the most vulnerable
5 people of these people and we're urging that you
6 pay attention to them in this transaction and to
7 make sure by what you do that the company HCA has a
8 responsibility towards these people and that the
9 priority be the highest. Appearances tonight is
10 listening to the people from HCA talking about
11 improving patient safety. I was very pleased,
12 because the two things mentioned, in terms of the
13 improved endomatics in the hospital will save
14 lives. There is no question about that. But I'd

15 ask, what happens to those who are poor with
16 complicated medical illnesses, if there's not an
17 understanding that the need for nursing is even
18 greater in that group, and the need for nurses who
19 have time to take care of them is not a high
20 priority. That, too, is patient safety.

21 What happens to good physicians who are
22 in the community, Herman Watson, Al Davis, many
23 others do not have enough time, and there is not
24 enough of an opportunity for hand off between those
25 in the hospital and those outside the hospital. Is

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1 that safe? And should we not make that even more
2 of a priority for our patients who may not
3 understand the language, who may not have the best
4 education, who may have multiple health care
5 problems. And I think that since this is, after
6 all, a partner, it is a business transaction. HCA
7 is doing this because they hope, over the long
8 haul, it will be profitable. Well, I'm sure they
9 care about this as people. I think that is another
10 issue.

11 But in business, trust has no place in
12 business agreements and, therefore, I hope,
13 Attorney General, that you will so very carefully
14 read what the commitments are in writing in detail
15 so we can be sure that they accomplish what they

16 promise.

17 Over the long haul and equally important
18 is the \$800 million that will be distributed. They
19 are, after all, our assets. They are the assets of
20 the community. They were given for patient care,
21 direct patient care. We are particularly concerned
22 about the needs of the poor, about those who are
23 caught in the cracks, about those who are uninsured
24 but have a problem that is difficult to deal with.
25 And, in truth, the not-for-profit hospital system,

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1 that was really part of the bargain. Their bargain
2 was that they would have tax credits and the like
3 in return for doing things that were just done
4 because they were good things to do and they were
5 for people who are important in our community, the
6 frail elderly and many other groups.

7 I would maintain that, at this time, our
8 greatest importance probably is to make sure that
9 that not-for-profit foundation is properly
10 governed, and the people who are involved in it
11 certainly should not have a conflict of interest so
12 that they can pour their entire attention and the
13 community trust in which we have placed that
14 foundation level. And I think that making sure
15 that the Government is as transparent as has been
16 asked, making sure that the people are themselves

17 the right people. I'm not sure if there's any one
18 individual who must be on that foundation board,
19 but I am sure there are many essential principals
20 that we know that the qualities of the person and
21 character that we want on that board. And above
22 all, we want those people not to have a conflict of
23 interest but care about the community first and be
24 willing, over the long haul, to do the hard tasks
25 ahead. Thank you very much.

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1 ATTORNEY GENERAL NIXON: Dianna Moore
2 and then Reverend Hartzfield.

3 MS. MOORE: Good evening. As you said, I
4 am Dianna Moore and I am the Executive Director of
5 the Missouri Association for Social Welfare. I am
6 here to present for the record a statement of
7 community concern regarding the proposed sale of
8 Health Midwest to HCA. Also attached to that
9 statement is a listing of groups and individuals
10 who are in support of this statement. Due to time,
11 I'm not going to read the seven principles.
12 However, I do want to emphasize three.

13 We are concerned that the public
14 discussion of Health Midwest has jumped to the
15 question of what will happen to the assets.
16 Although this is a crucial question, we must not
17 forget to ask is this sale in the public interest

18 or is it in the interests of Health Midwest; is it
19 in the interest of each of the individual
20 hospitals, clinics or services that are provided;
21 is it in the best interests of the community, both
22 urban and rural; and is the sale of the assets an
23 all or nothing deal. Are there alternatives to the
24 sale that if, in fact, it's determined that not all
25 14 entities are benefited by this proposal, what

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1 will be done in that case. These are difficult
2 questions that must be considered to protect the
3 public.

4 In your comprehensive review of the
5 process, we ask three things be considered in the
6 process: Number one, assure that there was no
7 insider trading, self-dealing, or conflicts of
8 interest. This includes the examination of the
9 board to assure that they were true to their
10 fiduciary responsibilities. It includes the
11 examination of the relationship of the Board of
12 Directors with any and all entities potentially
13 affected by this sale, and should this sale be
14 approved, any relationships with any subsequent
15 uses of public assets, such as the foundation
16 funding that's been proposed for Life Sciences.
17 Examination of the executives of Health Midwest to
18 assure that there are no promises of golden

19 parachutes, new jobs, stock options, severance
20 payments or any other entity compensation packages
21 that are triggered by the sale, thereby affecting
22 the protection of any public assets of the
23 community. Examination of the application
24 documents to assure that it was negotiated with
25 fairness, objectivity, thoroughness, integrity, and

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1 with a focus on what was in the best interests of
2 the public.

3 In addition, it is necessary that arm's
4 length investigations and negotiations were
5 conducted, thereby providing assurance that all
6 potential suitors, including non profits as was
7 mentioned earlier were considered, as well as the
8 assurance that, indeed, the sale was needed to
9 protect the public interests of the health care of
10 the citizens of the communities affected. What
11 other options did the board consider and how did
12 they arrive at the deal that they are pursuing.

13 Number two: Insure full, fair market
14 value is paid for Health Midwest assets. It
15 appears to be of many reports that Health Midwest
16 may not have, in fact, intended to sell until
17 various suitors began inquiring about a potential
18 purchase.

19 This process must ensure that, indeed,

20 the sale is needed to protect the health care of
21 the residents of the community and that the best
22 possible price is received for these assets. They
23 should include examination of all nonmonetary
24 commitments made by HCA, including any promises for
25 the provision of health care or other activities

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1 and commitments have a provision for enforcement.
2 Examination of all previous annual reports,
3 operating financial statements and an independent
4 audit of the Health Midwest assets must be
5 conducted by your offices to ensure not only that
6 the not-for-profit could no longer operate in a
7 fiscally responsible manner but that fair market
8 value is received for the public assets that are
9 being converted.

10 Thirdly, the examination of the effect of
11 this sale as to each individual hospital, clinic
12 and service is needed to assure that fair market
13 value is determined for each entity and the public
14 is ensured that each community affected is
15 receiving their fair share of the value of this
16 sale.

17 The third and last issue I want to
18 address is an emphasis on the fact that public
19 input and participation is vital in a proposal of
20 this magnitude. Citizens and communities must be

21 afforded all opportunity to comment and participate
22 in this examination. This includes holding more
23 public hearings. Alternative times of the hearings
24 must also be set to allow for those who may not
25 wish to come out after dark or whose jobs may make

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1 it so they cannot attend certain hearings.

2 Secondly, provision of all documents
3 pertaining to the sale must be available to the
4 public in an easily accessible manner. Extension
5 upon that period needs to be provided to allow the
6 public to examine and comment in a manner that is
7 both timely yet not rushed thereby presenting full
8 examination.

9 And, finally, it should not only be
10 assurance of the community representation on any
11 subsequent foundation, should the sale be approved,
12 but the assurance of community participation in the
13 establishment of the foundation, their operating
14 goals and objectives and their mission or
15 missions. It matters not that if the board is
16 representative of the communities involved if the
17 actual operations and purposes are preestablished
18 by these not connected to or representative of the
19 actual communities involved.

20 Mr. Nixon, you must not be pressured to
21 conduct this review in a manner that meets the

22 needs of the seller or the buyer at the expense of
23 the consumer and public. This is a very
24 complicated deal. It is not one that involves a
25 single entity with a single mission. There are

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1 numerous entities with different missions,
2 different communities with different needs. In
3 that respect, we ask you to do everything possible
4 to extend the time needed to conduct a complete and
5 thorough investigation to assure that the sale is,
6 indeed, in the public interest. Thank you.

7 ATTORNEY GENERAL NIXON: Reverend
8 Hartzfield speaking for the concerned clergy.

9 REVEREND HARTZFIELD: Thank you, sir. I
10 would like to state that several of us have talked
11 for several weeks -- and I want you to know I
12 didn't touch it. Several of us have talked with
13 both HCA and with Health Midwest. We are charged
14 to be proactive rather than reactive, but yet we
15 are put into a position where we're going to have
16 to again find ourselves reacting to something
17 seemingly that's already settled.

18 I would like to ask the Attorney General
19 two or three questions.

20 First of all, the plan that's proposed
21 for the establishment of the new Health Midwest
22 foundation represents a grave disadvantage to what

23 they referred to as the central region based on at
24 least the following reasons: One, the history and
25 longevity. It has been Research; it was Trinity

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1 Lutheran; it was Baptist; and at one time it was
2 Menorah. All of those were in the urban core. So
3 I'm talking about the history and the longevity of
4 what Health Midwest refers to as central region.
5 History and longevity.

6 Two, size of the facility. The number of
7 the facilities, I gave that, the volume of
8 services. You've heard statistics, in terms of the
9 volume of services where they are in the urban
10 core. Investments, the work force, you've heard
11 the mention, you've heard on the record, and then,
12 plus the fact, Health Midwest has benefited from
13 tax benefits.

14 Now, what covenants will the Attorney
15 General enforce to ensure that the new Health
16 Midwest foundation has a minority representation on
17 the foundation board and executive committee, and I
18 need to really clear up what I mean by minority. I
19 believe that with regard to the American Indian,
20 Hispanic Latino, African American and all of that.
21 But I have been having to deal with this matter of
22 minority and 10 percent divided among American
23 Indian, 10 percent, divided by American Indian --

24 10 percent -- I mean ten percent divided among
25 American Indian, divided among Asians, divided

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1 among African Americans, divided among women, and
2 there's another one I forgot, but there's five.
3 But 10 percent.

4 I would like to know, how can we find,
5 those of us who composed the majority of the volume
6 of the Health Midwest system. How will we have a
7 voice in what happens with this \$800 million? I
8 mean a voice. Listen, you all, I mean a voice.
9 And that will represent an accurate, historical
10 commitment by the Health Midwest system to the
11 central region.

12 Mr. Attorney General, what covenants will
13 the Attorney General put in place to ensure that we
14 have input into the board selection process prior
15 to actual finalization? If we've produced most of
16 the funds, why is it, then, that it ought to be
17 equally divided? What sanctions will the Attorney
18 General put in place if the board in the future
19 does not comply with the covenants.

20 In the African American community, and
21 that's where I live, I live on the corner of 29th
22 and Benton Boulevard. I live in the community.
23 Not on the peripheral, not on the edges, not in
24 Johnson County. I live at 29th and Benton in the

25 African American community. The church that we

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1 serve is on Linwood Boulevard between Prospect and
2 Brooklyn, particularly between Olive and Park.
3 That's where I am. Those are the people I
4 primarily seek to represent. I'm talking about
5 those that come to where I serve and I'm talking
6 about, at that point, African American. If you
7 want to know. We have most of whatever is negative
8 in this city. Whatever is negative, we've got more
9 of it. If it's sickness, we've got more of it.
10 Let me list some: Diabetes, more; heart attacks,
11 more; high blood pressure, more; kidneys, more.
12 You go on, more, more, more. Less income, more;
13 inferior education, more; uninsured, more. I can
14 go on. More. More.

15 As a matter of fact, I'm going to make a
16 song out of more.

17 There's the poor; there's the elderly
18 poor, and we have institutions that care for the
19 elderly poor and we're living longer. What's going
20 to happen? I'm in the class of the elderly and I
21 sure ain't rich.

22 I would like to ask you a question to any
23 of us here. Is there any validity in the theory of
24 the magical field. I wonder if there's any
25 validity there. This hierarchy of needs. From our

1 service, the lower -- we got more of those. But
2 the higher up you go that pyramid to the top, we've
3 got less and less. A pyramid I understand at the
4 bottom is much wider. At the top it's very small.
5 And I understand what's going to happen with these
6 \$800 million, because those at the top of the
7 pyramid don't want the bottom shaking nothing,
8 because when the bottom is shaking, somebody at the
9 top goes -- and I want to say right now that the
10 ministers of this city that we serve this
11 community. We serve this community. We love this
12 community. We want to see this community do well.
13 But I do want to say that if there is not the kind
14 of representation on this board, this foundation
15 board, if there is not the kind of representation
16 present, it's going to be some shaking of the
17 foundation.

18 ATTORNEY GENERAL NIXON: George Hague.
19 Mary Nash, then Deborah Ann Jantsch. George Hague
20 -- George Hague. (No response.) Then Mary Nash.
21 Good evening.

22 MS. ROSHMAN: Good evening. My name is
23 Deborah Roshman. I'm a registered nurse practicing
24 in both Missouri and Kansas and this is Jan Turner
25 who is also a registered nurse and a nurse

1 practitioner practicing also in other states, and
2 we appreciate the opportunity this evening to
3 address the subject of the nursing shortage.

4 We represent the Greater Kansas City
5 Black Nurses Association which is a local chapter
6 of the National Black Nurses Association. There
7 are 65 chapters nationwide with a 35,000 plus
8 membership. We stand before you this evening to
9 address our concerns and to solicit your support in
10 addressing the nursing shortage in the Kansas City
11 area.

12 The United States Department of Health
13 and Human Resources, in fact, earlier this year
14 that growth in the nursing work force have not kept
15 pace with the company's population growth in the
16 past four years. Missouri has also experienced a
17 shortage of nurses. And specifically in the Kansas
18 City area, the impact of the nurse shortage has
19 reached a critical crisis. The U.S. Department of
20 Health and Human Services further asserts that a
21 national nursing crunch could kick in as early as
22 2010. The average age of nurses now is 45 years
23 old. There is a grave concern that if young nurses
24 are not educated in nursing within the next ten
25 years when the baby boom has become health care

1 consumers in a record number, that Kansas City will
2 face the dilemma of demand exceeding supply.

3 MS. TURNER: Kansas City, Missouri, has
4 approximately two schools of practical nursing,
5 each enrolling 100 to 180 students per year. Of
6 those, 91 percent pass boards. There are three
7 associate degree programs in Kansas City enrolling
8 40 to 120 students per year. Of this, 84 percent
9 pass boards. There are four baccalaureate programs
10 in Kansas City enrolling 60 to 250 students per
11 years. Of those, 84.2 percent pass boards. These
12 statistics look very good on paper; however, what
13 it doesn't represent is the number who drop out due
14 to funds or personal reasons, nor do the statistics
15 address the number of students beginning in
16 classes, nor do the statistics address the number
17 of students beginning in class versus those who
18 actually graduate. This number simply states the
19 number of students who took boards. One thing that
20 the Greater Kansas City Black Nurses Association
21 has a very vested interest in is making sure that
22 minority students who enter nursing school actually
23 graduate.

24 One thing that we are looking at is how
25 can we retain nurses because, as we get older,

1 these students will be taking care of us. One way

2 that the Greater Kansas City Black Nurses
3 Association achieves this is mentoring. We have a
4 collaborative program with the University of
5 Missouri, Kansas City, as well as Penn Valley
6 Community College. One thing that we have is, in
7 January of 2003, we'll have an in-class review
8 which will help these students to pass the State
9 boards.

10 As we live longer, we need nurses who can
11 step up to the plate and assess this aging
12 population. This can be initiated in grade
13 schools. Nursing has always been thought of as a
14 handmaiden's job or it's not a very glamorous job.

15 Nurses of all ethnic background need to
16 step up to the plate so that these students can
17 have a role model to help them to see that nursing
18 is a very valuable asset to the community. When we
19 look at training of these nurses, the faculty that
20 trains these nurses are getting older. We need to
21 encourage nurses of color to enter the nursing
22 education realm, and these can be positive role
23 models for these students. The Greater Kansas City
24 has several active faculty in nursing schools here
25 in Kansas City.

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1 MS. ROSHMAN: Mr. Attorney General, I
2 charge you with HCA's commitment to scholarship

3 that these scholarships be created and distributed
4 equally.

5 In consideration of Greater Kansas City
6 Black Nurses efforts, we would ask that the
7 proposed foundation and the new law will support
8 our efforts to grants and funding initiatives to
9 ensure that the nurse shortage is resolved in and
10 around the community.

11 Additionally, we would first ask your
12 support and allow for tax incentive for those who
13 choose nursing as a career and; secondly, to
14 appoint minority nurses to the board of directors.
15 Thank you very much for your attention.

16 ATTORNEY GENERAL NIXON: Mary Nash, then
17 we'll hear Dr. Deborah Jantsch, then Linda Davis.

18 MS. NASH: Thank you, Mr. Attorney
19 General, for allowing the nurses to speak here
20 tonight. And, Mr. Bolander, I would like to say to
21 you that we need to retain nurses before you can
22 start recruiting them. I'm a registered nurse
23 practicing at the Medical Center of Independence
24 and a member of Nurses United for Improved Patient
25 Care and health care.

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1 I believe I seek, on behalf of the nurses
2 here tonight, in saying that we want to raise
3 issues about the proposed sale of Health Midwest to

4 HCA. We are here to support the community and to
5 make sure that its needs are adequately met by HCA
6 if they become the new owner. Every member of the
7 Kansas City community must be able to count on high
8 quality health care at each of the facilities
9 whether the patients can afford it or not.

10 I would like you to know there are
11 serious and chronic problems of understaffing at
12 Health Midwest hospitals. The situation must be
13 rectified by the new owner or patients will
14 continue to be placed at risk. We are saying to
15 you loud and clear that staffing levels must be
16 included in the purchase agreement. The study that
17 Theresa Barnett spoke about was recently published
18 in JAMA Magazine, and it concluded that nurses
19 were, quote, crucial to the very survival of the
20 Location.

21 According to this study, a med search
22 nurse caring for eight patients versus a med search
23 nurse caring for four patients resulted in
24 increased mortality. RNs at Health Midwest
25 Hospitals in the metro are caring for anywhere from

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1 5 to 14 patients currently.

2 We know you have \$450 million that you
3 plan to put back into the system, but not on the
4 floor in a hospital somewhere but, rather, to

5 improving patient care and nurses' working
6 conditions. Patients are your business and nurses
7 are your best asset. Nurses are the link to early
8 detection and intervention that makes a difference
9 in patient health problems.

10 HCA's track record on staffing in other
11 communities has been spotty. A news report in 1999
12 in Good Samaritan Hospital in California said that
13 the quality of care declined rapidly when HCA
14 bought the hospital. Nurses at Good Samaritan were
15 publicly fighting the hospital for better staffing
16 as recently as May of this year.

17 The Copper Tribune article on HCA owned
18 Wesley Medical Center in Wichita, Kansas, said that
19 HCA, quote, producing an environment where nurses
20 sometimes were too overworked to adequately care
21 for patients, end of quote.

22 The hospital has also been plagued with
23 serious wrong death and neglect suits alleging
24 short staffing was to blame. At HCA owned hospital
25 in Denver, St. Luke's Hospital in Denver, there

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1 were five deaths linked to nursing care in the same
2 year HCA reduced nurses by ten percent and, at the
3 same time, hospital revenues tripled. It took
4 serious threats of Medicaid suspension for HCA to
5 implement reform in 1999. We don't want these

6 conditions for Kansas City. The lives of our loved
7 ones depends on safe nurses, nurse to patient
8 ratios.

9 Mr. Attorney General, you must require
10 the new owners to adhere to better and safer
11 staffing ratios and work with Nurses United to
12 improve patient care.

13 The best guide I could use is conforming
14 nurse to patient ratios for each unit in the
15 hospital. Safe staffing levels will save lives.
16 Remember patient care, not profits, take precedence
17 over lives. Thank you.

18 ATTORNEY GENERAL NIXON: Doctor Jantsch,
19 then Linda Davis, then Daniel Campbell.

20 DOCTOR JANTSCH: Thank you. Thank you,
21 Attorney General Nixon and members of the
22 community. I would appreciate the opportunity to
23 speak at the floor.

24 My name is Deborah Jantsch and I'm an
25 obstetrician and a gynecologist, for the last 12

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1 years living and practicing with the metropolitan
2 Kansas City, Missouri, area. I am very grateful to
3 my patients and to my partners because they allow
4 me to devote considerable time to volunteer service
5 to the policy side of health care. I am the past
6 president of the metropolitan Medical Society, but

tonight I'm also speaking on behalf of the Missouri Department of Health and Senior Services.

One of my greatest rewards as a physician is that I have the opportunity to assist women during the birth of a child. I practice at Research Medical Center, a facility within the urban core, Kansas City, Missouri. More than 40 percent of maternity patients are funded through Medicaid programs. Many women who come to us through our doorways in time of need have no money at all. The doctors and the nurses take great pride in the outcomes of their care and they take pride in providing a healing environment to all.

For many years, Health Midwest has operated urban core hospitals in spite of the most difficult financial times. Today, not-for-profit Health Midwest no longer has the ability to access the capital necessary to keep the urban core hospitals alive. However, it is because of Health

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Midwest that we now have HCA's commitment to continue the mission. As a physician, I am a partner in providing honor to HCA's commitment and doctors will participate, especially in preserving Health Midwest's traditional mission toward women in need of indigent care.

As chairman of the MAST Ambulance Board

8 of Trustees, I have gained knowledge of crowding
9 and the challenges to care in the Health Midwest
10 emergency rooms and trauma centers where doctors
11 and nurses consistently cover life-threatening
12 situations. With the failure of Proposition A, the
13 tobacco tax, this community might continue to lose
14 its valuable emergency services and trauma centers,
15 especially within the urban core. HCA has
16 committed resources specifically directed to
17 emergency rooms and trauma centers, and such
18 resources will go a long way in giving clinicians a
19 fighting chance to save a life.

20 Health Midwest will form a charitable
21 foundation with the assets of the sale. As Vice
22 Chairman of the Missouri Department of Health and
23 Senior Services, and I am speaking for the
24 Department, there are compelling reasons to
25 appreciate why the sale is good for the community.

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1 Here is an opportunity to really take a good look
2 at public health status reports, to look at health
3 disparities in our community in the areas of
4 chronic disease, mental health, smoking related
5 illness, injuries, lead screening, infectious
6 disease, cancer, and maternal child health. It's
7 an opportunity not just to promote more public
8 health but to provide funding for comprehensive

9 interventions that work. It's an opportunity to
10 measure at the end of the day how this community is
11 healthier and enriched by the work of such a
12 foundation.

13 I have much more that I could say but I'm
14 going to cut this short now, with respect to time.
15 And Mr. Nixon and Mr. Wilson, I have enough comfort
16 with public policy arenas that I appreciate your
17 task and I also thank you very much for that, as
18 well.

19 ATTORNEY GENERAL NIXON: Linda Davis,
20 then Daniel Campbell, then Mary Williams Neil.

21 MS. DAVIS: Okay. I'll give it a try.
22 Seems to be working for the moment. I'm Linda
23 Davis. I'm the Executive Director of Casey Carolyn
24 and, Casey Carolyn is a project for the Kansas City
25 care network. The network is an association of

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1 eight major safety net providers in the
2 metropolitan area, the Kansas City, Missouri,
3 metropolitan area. We're talking about Cabot West
4 Side Clinic; Children's Mercy Hospital and Clinics;
5 the Kansas City Free Health Clinic; Mast Ambulance;
6 Northland Health Clinic; Sandra U. Rogers Community
7 Health Center; Swope Parkway Health Center; Truman
8 Medical Centers.

9 The concerns that we are bringing to this

10 table that are back at the -- already are
11 streamlined are uncertain economic conditions.
12 And, as a result of that, there have been both
13 direct and indirect reductions in Medicaid and in
14 other taxes that have been allocated to the State
15 health providers and to providing care, to all of
16 the uninsured, the under insured and the level
17 populations that we've been talking about so much
18 today.

19 The major message that we want to leave
20 you with is the fact that we have to require that,
21 in a sale, that the percentage of care given to the
22 uninsured is at least equal, if not greater, and
23 that we have to check out reality, what's happened
24 happened in other communities, and that we have to
25 follow up on that. It's not something that's a one

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1 year commitment or when we say ten years but what
2 actually happens in each one of those years.

3 The other part is that in creating
4 foundations that they're talking about creating, we
5 really have to look at building on the safety net
6 that we already have. The safety net can, you
7 know, crumble under the pressure of more patients
8 and less revenue, and that doesn't do anyone any
9 good. And these are the providers that are
10 actually taking care of the patients now. So the

11 revenue really has to go towards taking care of the
12 safety net patients throughout the metropolitan
13 area.

14 ATTORNEY GENERAL NIXON: Daniel Campbell,
15 then Mary Williams Neil, then Greg Starks, M.D.

16 MR. CAMPBELL: I am Daniel Campbell. I
17 come to you not as a member of the professional
18 community, nor as a part of the political
19 assortment that we are this evening. I come to you
20 instead as a patient. Some of you may have seen my
21 name on the front of the Star this morning. That
22 was not exactly where I had expected it to be.

23 I have chosen to go public about the fact
24 that I'm a long term AIDS survivor. That's not
25 something men are supposed to say in public. And

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1 I've been at battle about this damned disease for
2 almost a dozen years in this City, and I've
3 preached about it and I've buried enough of my
4 brothers and sisters about it in solving or
5 arriving at places on how we deal with AIDS in this
6 town, and I'm mad about it.

7 But the reason that Dan Campbell is still
8 alive and functioning, first by the grace of God
9 and the work of Jesus Christ; and, second, by the
10 work of the ministry of what has historically been
11 the Trinity Lutheran, the Infectious Disease

12 Clinic, that is now the Midtown Infectious Disease
13 Clinic that has carried forward a kind of
14 integrated and intentional concern for holistic
15 treatment and a willingness to work with patients.
16 And, yes, sometimes use the patients as the guinea
17 pigs. I've tried out all sorts of things that
18 either made me sick or maybe I got well at all, and
19 a number of times I got sent home with types that I
20 had to return my little red boxes, but I learned
21 how to shoot up to see if this kind of med did
22 something.

23 Okay. We've done those things. That's
24 because in the sight of Trinity Lutheran and St.
25 Mary's Hospital over here in the very center of our

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1 city, there were commitments to touching the
2 untouchable, the lepers of our city, who finally
3 also don't have any money because we've done spent
4 it all. I won't tell you that piece of the camera
5 saga. I've got a couple of brothers up here in the
6 balcony that have recently been helping me with
7 that variation.

8 I wonder what kind of covenants,
9 gentlemen, come with the land titles for this
10 particular parcel that stretches from 28th Street
11 to 31st and from Main Street to Wyandotte that is a
12 double parcel of religiously grouped purchased land

13 for health care. What covenants underlie that
14 land, because that parcel is a prime money maker
15 which Health Midwest has to offer as something that
16 can be sold in the middle of our city. We start
17 from the edge of the river and go clear to what is
18 now Baptist Lutheran Hospital at 68th Street. In
19 between we basically have Truman. And Cabot that
20 has a building that doesn't even have a new roof,
21 let alone any walls inside. And Health Midwest is
22 finally moving its own way out out on Broadway.

23 We have pushed to the limit what
24 resources we have in the very center of our city at
25 the very point at which we claim to be wanting to

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1 rebuild and we make the residential content of that
2 which is Kansas City. (Speaks in Spanish.) I
3 wrote that about this funny looking white guy who
4 used to visit when I lived in Southern California.

5 Our west side and our north central
6 section of town along Independence Avenue have very
7 special and unique kinds of needs that come to a
8 medical service community that I don't see being
9 met and I don't see being talked about. Nowhere in
10 the HCA presentation about an infectious disease
11 did I even see those three letters, H-I-V, let
12 alone A-I-D-S. You don't say those things in
13 public. Those aren't nice words. Those aren't

14 people we talk about. I want to express to you,
15 particularly you two gentlemen, but all of us, is
16 it is essential in what we are doing tonight is
17 that we are working at telling the truth about
18 ourselves as a people in the center of this city,
19 whether that's about color, about disease or about
20 anything else amongst us, sociologically. It may
21 have taken a kick in the butt of the issue of a
22 sale of a health system to get us to talk to each
23 other at our centers, but it's about that kind of
24 truth telling.

25 What are we going to do with a piece of

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1 land that was committed to us by our foremothers
2 and forefathers and what they gleaned into it.
3 What are we going to do about taking care of people
4 who are supposed to die? Mr. Bovender reminded us
5 of the gradient that there is for those of us who
6 are having gray hair and a midlife crises and
7 whether or not we die soon enough. Well, Dan
8 Campbell was supposed to die ten years ago because
9 of a disease, not to mention how old he got to be
10 because he wasn't supposed to get to be that old,
11 at least not by the forecast then.

12 Those are a series of gradient
13 relationships that we could have gone past
14 ourselves. I commend HCA for being willing to talk

15 to Health Midwest, but I hope people who come to us
16 from HCA that you hear not only criticism but the
17 fact that you say you want to talk to Health
18 Midwest, that you are asking to talk to a very
19 large neighborhood that is the neighborhood that's
20 behind Health Midwest.

21 Mr. Attorney General and Mr. Wilson, I
22 trust that we will work to continue the service to
23 persons who are HIV challenged and those who are
24 AIDS positive. Because, for some dumb reason, we
25 are surviving by decades, in spite of ourselves.

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1 Thanks be to God.

2 And, second, that we take a hard look at
3 what it really means to provide medical service in
4 the very center of urban Kansas City.

5 ATTORNEY GENERAL NIXON: Mary Williams
6 Neil, then Greg Stakes, than Sharon Able or Apel.

7 MS. NEIL: To the Honorable Attorney
8 General Jay Nixon and to the community leaders. My
9 name is Mary Williams Neil. I represent the third
10 district. Those boundaries are east side of Troost
11 over to Independence, Missouri; Independence Avenue
12 down to 45th Street. And I also serve as a City
13 Council for the city of Kansas City, Missouri.

14 Tonight I come bearing several hats. The
15 first one is I serve as a Chair of the Neighborhood

16 Development Committee which oversees all health
17 issues in Kansas City.

18 Second, co-chairer of the Health and
19 Human Task Force co-chaired by Kathy Davis and
20 funded by Mayor Verns (phonetic). And now we have
21 the Health Commission that was appointed by Mayor
22 Verns and the City Council of the City, and I come
23 also as a concerned citizen and someone that lives
24 and has worked in this community every single day.
25 And as a chair of the Committee, I sit in and I

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1 listen every day to the health needs that we have
2 for poor people.

3 I am concerned about the entire health of
4 Kansas City, that's what the Health Commission is
5 all about. But I am also concerned about the
6 uninsured. And you heard tonight about the
7 uninsured. You heard about the people that were
8 misrepresented. But as you think about the board,
9 we need to consider people that live and work,
10 people that live and work who's on the board,
11 because there's a difference. People that live and
12 work on the board.

13 I went to a seminar the other night by
14 Dr. Tim Peters, and he talked about social
15 determinants. The first time that I heard that.
16 And what it meant was that, in some communities,

17 and particularly one that I served, that there are
18 people that are living in environments where the
19 health conditions are so terrible that a person
20 with cancer has a better opportunity to live than
21 in some of these areas here in this area. That's
22 something, whomever establishes this, need to
23 address.

24 The other issue that I attempt is a hole
25 in this population in this City. It is sad that we

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1 have old citizens that do not have a good place to
2 live. Health care means just more than disease.
3 It means mentally stable, socially stable,
4 emotionally stable. These are the kind of issues I
5 think this community will have to address.

6 I'm not here for or against the sale.
7 What I want is justice to be served. And I believe
8 that our Attorney General will make sure that will
9 happen. And I serve at the pleasure of the people
10 of this city, and I want you to know tonight that I
11 will stand with you in Independence, Missouri, in
12 Leawood, Kansas, wherever you need me to stand, to
13 be a voice for all of us so that we can have a city
14 that everyone is proud to live in and so that we'll
15 have a place that we can go and we will feel like
16 we are president and kings and queens.

17 I thank you so much for coming to the

18 Third District. We don't have an opportunity to
19 come to this part of the town. But as the man said
20 before, sometime issues bring us together. Well,
21 let us come together, all of these issues, and
22 let's make this place a place where all of us are
23 proud to go and that we don't have issues such as
24 this to bring us together. We can work together,
25 in terms of the health needs of this City.

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1 We thank you for being at the Third
2 District tonight. We pray that you will get back
3 home safely. We ask you to continue to stand with
4 us. There are people out there that really
5 need you tonight. And we know that, when it's all
6 said and done for the organizations, for the
7 elected officials, the bottom line is, will justice
8 be served. And that's what this is all about. The
9 community has spoken tonight, and I'm so proud of
10 all of you. God bless you.

11 ATTORNEY GENERAL NIXON: I want, if we
12 could, to make sure that Tonya Holmes raises her
13 hand back here. Tonya Holmes has been an
14 investigator with our office for many years. Tonya
15 has in her hand a list or a pad and she will write
16 your name down if you wish to testify in the
17 future. We're nearing the end of tonight's phase.
18 This is not the last hearing. There are many more

19 chances. We're committed to trying to end sometime
20 around 9:30 tonight. We've busted that. We'll
21 continue to go. We'll do three more, but I want to
22 make sure if anyone wishes to testify that we don't
23 get time to tonight, to make sure that you leave
24 your name, address and phone number with Tonya
25 before you leave and we will make sure that you are

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1 on the list for the next hearing and that you are
2 presented in a fashion that makes it so that we are
3 in the front of that particular relatively long
4 line.

5 I want to now have three more this
6 evening. That will give us all time to get home
7 hopefully after that in time to get enough sleep to
8 get to work tomorrow. We will be very sensitive to
9 the needs in the future. I cannot tell you how
10 moved I have been to this date by not only the
11 turnout, but the respect, the specificity, the
12 intensity, and the care of the people who have
13 testified so far.

14 The last three folks that will speak this
15 evening -- if anyone else wants to, speak with
16 Tonya. The last three tonight will be Sharon Able,
17 Dennis O'Neil and Anita Russell, if that's at all
18 possible. I hope that folks can give us that bit
19 of benefit for this evening, there will be more

20 time. So Sharon Able, Dennis O'Neil, then Anita
21 Russell.

22 MS. GOODMAN: My name is Allison
23 Goodman. I live in Wichita and I have to drive
24 back tonight so Sharon has switched places with me
25 thankfully.

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1 As I said, I live in Wichita and I
2 practice there as a registered nurse for ten
3 years.

4 In October of 1995, I was hired by Wesley
5 Medical Center which had been bought by HCA back in
6 1985. Shortly after I started, the hospital
7 changed its name to Columbia HCA. The stationery
8 changed, along with the gigantic sign on the tenth
9 story brick, tower building. It was confusing and
10 awkward for the staff, especially the old timers
11 who had been there when Wesley was a not-for-profit
12 institution like Health Midwest.

13 Less than two years later, they changed
14 all the signs back again to Wesley Medical Center.
15 Why? Well, the Justice Department had just accused
16 HCA of defrauding government health care programs
17 and cheating Medicare out of millions of dollars in
18 false claims. It was the largest health care fraud
19 investigation in history. HCA denied these
20 allegations but Wesley, my employer, decided to

21 distance itself from the large shadows that its
22 owner, Columbia HCA had cast, thus, changed its
23 name back to Wesley Medical Center.

24 Meanwhile, HCA eventually pled guilty and
25 agreed to pay what became the largest government

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1 health care fraud settlement ever negotiated by the
2 Justice Department. More than \$840 million in
3 criminal fines, civil penalties and (inaudible).

4 This case stemmed from a seven-year
5 investigation triggered by private whistle
6 blowers. Speaking of whistle blowers, I'm a
7 whistle blower. Wesley fired me in August of 2000
8 for providing evidence which not only supported but
9 practically proved the case for a former patient
10 who was suing Wesley.

11 Shirley Kapp (phonetic) sustained
12 irrevocable neurological and motor damage precisely
13 because when she went into respiratory failure on a
14 medical unit at Wesley, there was not enough staff
15 to: One, notice what was happening; and, two, to
16 respond appropriately to this critical situation.

17 Those delays ultimately left her unable
18 to walk, talk, feed herself or perform other simple
19 tasks. Her case was a landmark of sorts because
20 she was claiming that understaffing was the cause
21 of the damage that was done to her.

22 By the time Mrs. Kapp's attorney
23 contacted me in April of 2000, I had accumulated
24 hundreds of pages of documentation written by me
25 regarding unsafe levels of staffing. I'd been

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1 submitting these complaints for years to the powers
2 that be. Of course, I always made myself a copy of
3 what I wrote because, for all I knew, they were
4 shredding the things. I mean, they never thanked
5 me. They never praised me or demonstrated any
6 improvement in any staffing during the entire time
7 I was alerting them that there were serious
8 problems. But at least I was doing what was
9 ethically mandated by my conscience, my license,
10 and by Wesley's own policies. I was happy to help
11 Mrs. Kapp who was truly victimized by HCA, Wesley.

12 In fact, my documentation was so
13 voluminous, detailed and damaging that as soon as
14 Wesley became aware that Mrs. Kapp's attorney had
15 gotten a hold of this stuff, they rushed to offer
16 her a settlement, knowing they'd never win in front
17 of a jury.

18 Wesley agreed to pay Mrs. Kapp \$2.7
19 million in an out-of-court settlement. The story
20 appeared on the front page of the Wichita Eagle on
21 July 7th of 2000. Less than one month later I was
22 fired.

23 Unsafe staffing was not the only
24 unpleasantry I was exposed to during my time at
25 Wesley. I was also plagued by hospital and

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1 predatory management. I carefully documented every
2 instance of intimidation and abuse of power. Over
3 the years, I was demoted, falsely accused and
4 reprimanded without documentation. I was labeled a
5 trouble maker, too picky, and not a team player.
6 Well, I am a team player, but I will not play on a
7 team that's doing wrong.

8 It was a scary, threatening, intimidating
9 and dreadful environment, thanks to Wesley's
10 thug-like tactics.

11 When Wesley fired me, they filed a formal
12 complaint with the State Board of Nursing, which
13 I'm still battling. My hearing comes up in January
14 and I can lose my license and be charged with a
15 misdemeanor. In addition, in the two and a half
16 years since being fired, my case against Wesley
17 claiming retaliatory dismissal has been dismissed
18 from the District Court of Sedgewick County and I'm
19 in the middle of appealing. If I win, I'll get the
20 opportunity to present my case to a jury.

21 In addition, I found it very difficult to
22 find a job in Wichita. Imagine that, in the face
23 of this nursing shortage. I've been a nurse for

24 ten years and have experience ranging from school
25 nursing to intensive care nursing; yet I have a

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1 folder full of rejection letters and 17 pages of
2 documentation detailing unsuccessful attempts to
3 find work in Wichita as a nurse.

4 As difficult as my life has become since
5 being fired, I have no regrets. During my time at
6 Wesley, I demonstrated nothing other than
7 exemplary, ethical behavior. In fact, juxtaposed
8 by Wesley's almost taunting lack of the same. I
9 was pressured by my peers to relent and endured
10 merciless, spirit-breaking intimidation by
11 management. The very fact that I persisted for
12 nearly five years, despite Wesley's failure to
13 address my concerns, is testament to my expert
14 standard, to my commitment as a staunch patient
15 advocate.

16 I'm proud to be a whistle blower, even if
17 it did cost me my job. My saga is just one of
18 hundreds. Many have not been as fortunate; namely,
19 patients who have not received adequate care,
20 thanks to understaffing and to other nurses whose
21 complaints have met deaf ears and they have walked
22 quietly into the night.

23 If you think that HCA is going to improve
24 this city in any meaningful way, you are sadly

25 mistaken. They've got the goals that they will

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1 meet. They'll sacrifice safety, ethics, goodness
2 and decency to meet those goals. Patient safety
3 and adequate staffing will be the first to go. A
4 shiny new building will be little consolation to
5 the next children (inaudible).

6 And one last word about this buy out. I
7 applaud the nurses of Nurses United, the AFT health
8 care in strengthening their position as advocates
9 for patients. I was a lone voice in the dark and
10 I'm still battling all by myself the powerful
11 influence of this Fortune 500 Company, HCA. I wish
12 I had 100 nurses courageous enough to stand behind
13 me while I was at Wesley.

14 Mr. Attorney General, please place
15 specific staffing ratios into the purchase
16 agreement. With the stroke of a pen, you have the
17 unique and historic opportunity to do what nurses
18 fight to do every single day to protect patients,
19 and I hope you don't mind, but thanks to
20 Wesley's -- or HCA's filibuster earlier ate up so
21 much time for our community, I'd like to show a
22 four minute video that was shown on CNN that
23 details these problems with HCA.

24 (A videotape was shown.)

25 ATTORNEY GENERAL NIXON: Dennis O'Neil.

1 Dennis O'Neil, Anita Russell. You know, I'd say
2 our last witness is Anita Russell, but they might
3 applaud too much. Our last witness for the
4 evening.

5 MS. RUSSELL: Good evening. I'm
6 President of the Kansas City, Missouri, branch of
7 the National Association for the Advancement of
8 Colored People, NAACP.

9 We believers and supporters of the Kansas
10 City, Missouri, branch of the NAACP have serious
11 concerns about the pending sale of Health Midwest,
12 13 hospital systems to HCA, Incorporated, a for
13 profit corporation. To our knowledge, this is the
14 largest transfer of a non-profit hospital system to
15 a for profit corporation.

16 Some of our concerns are that one
17 third-of the hospital beds and almost all the
18 hospital beds in the urban core are in the city of
19 Kansas City will be controlled by this sale. We
20 believe that this transfer is to obtain the
21 original mission of the 1991 agreement that created
22 Health Midwest, that health care be the primary
23 service and in the tradition of compassion, quality
24 care at affordable prices and access be retained.

25 Several areas need to be addressed in

1 this transaction. The board must be representative
2 of the area it serves. The African American
3 community and other minorities must be represented
4 on the foundation board. The sale agreement must
5 reflect the continued access to the care for the
6 underinsured and the uninsured patient; that the
7 proceeds from the sale be used to establish a
8 foundation that will provide funds to support the
9 original mission of Health Midwest's mission in
10 each of the hospitals; that no hospitals in the
11 urban core be closed unless equal, acceptable
12 facilities be made available to urban residents;
13 that emergency room and trauma facility -- child
14 care facilities remain open and can easily access
15 to the urban core; that strong consideration be
16 given to maintain current employee benefits and to
17 ensure a manageable nurse to patient ratio; that
18 the current level of indigent care be maintained
19 and to work with local health care providers and
20 religious organizations to meet this need within
21 the metropolitan area.

22 The NAACP is an advocate for quality and
23 equitable health care. We are deeply concerned
24 about the barriers that lead to the increasing
25 severe health crisis affecting African American and

1 other people of color. Please consider the NAACP
2 along with other African American and community
3 organizations as a strong resource as you work
4 through this process. Thank you.

5 ATTORNEY GENERAL NIXON: I was to thank
6 everyone who was here this evening. I know it's
7 frustrating to have so much more to say and no time
8 tonight to say it. Make sure if you'd like to have
9 further testimony that you sign up with Tonya, and
10 I call this particular hearing to its close and
11 look forward to seeing those that want to appear in
12 Independence on Tuesday and whatever other hearings
13 we may schedule in the future. Thank you all very
14 much for coming.

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C E R T I F I C A T E

We, James A. Leacock and Donna J. Lien, Certified Court Reporters for the State of Missouri, do hereby certify that we appeared at the time and place hereinbefore set forth; we took down in shorthand the entire proceedings had at said time and place, and the foregoing 151 pages constitute a true, correct and complete transcript of our shorthand notes.

Certified to this 20th day of November, 2002.

James A. Leacock, CCR

Donna J. Lien, CCR

Certified Court Reporters
for the State of Missouri.